

KAUPAPA HERE
MONIWHIWĀHĀ ME
TEWHĀNGAI PŪTEA

REVENUE AND
FINANCING POLICY

ADOPTED 26 JUNE 2024

Overview

The Local Government Act 2002 (LGA) requires all councils to adopt a Revenue and Financing Policy showing how they propose to fund operating and capital expenditures, and more importantly, who will pay these and why.

The council must decide, in accordance with s101(3) of the LGA, how each activity will be funded, taking into consideration:

- The community outcomes to which the activity primarily contributes
- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
- The period over which those benefits are expected to occur
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities
- The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

This Revenue and Financing Policy sets out how the council plans to fund its operating and capital expenditure, over the life of the LTP.

The Policy discusses all available potential revenue and funding sources and outlines how and when it will use these.

In considering funding arrangements the council has taken the following factors into account:

- The community outcomes to which each activity primarily contributes
- Who benefits from the activity
- The period over which the benefits are delivered
- Whether the activity is needed in response to the action(s) (or lack of action(s)) of some person or group

- Whether it would be more prudent for the activity to be funded separately or included with other activities
- The overall impact of any allocation of liability for revenue needs on the community.

How has the council developed its Policy?

Every activity has been analysed using the factors discussed above. This analysis was then used to develop a set of funding decisions about the use of rates, both general and targeted, user charges, and other funding sources to arrive at what the council considers is an optimal funding arrangement for the activity.

The council then considered the overall effects of each separate funding proposal on the District as a whole.

The ultimate objective of this analysis was to find ways of funding the council's activities that are, as far as possible, affordable, transparent, and accountable.

Funding principles

After considering the above factors, the council agreed the following basic principles to guide the assessment of fairness and equity in choosing funding sources:

- Each generation of ratepayers should pay for the services they receive
- User charges are preferred whenever a private benefit can be identified, and it is efficient to collect the revenue
- The council will use any other funding sources before rates
- Capital expenditure to replace assets will be funded from rates in the form of funded depreciation
- Capital expenditure to upgrade or build new assets will be funded through borrowings
- Rate increases will be within the limits set in the Financial Strategy
- Borrowing will be within the limits set in the Financial Strategy.

Complying with these principles can at times be challenging.

The council must apply judgment in assessing options to determine fairness in the development of budgets or the acquisition of assets along with the choice of funding sources.

Operating costs

Operating costs are the day-to-day outgoings used to maintain the services delivered by the council, including a contribution to the wear and tear on assets used (referred to as depreciation).

The council generally operates a balanced budget, meaning that all operating costs are met from operating income. This ensures that those who pay for council services are those who use them.

Operating cost funding sources:

- User charges

User charges are levied for services where there is a benefit to an individual or group. The price of the service is set, taking account of several factors, including:

- The cost of providing the service
- An estimate of the private benefit derived from the use of the service
- The impact of cost in encouraging/ discouraging behaviours
- The impact of cost on the demand for the service
- The cost and efficiency of fee collection mechanisms
- The impact of affordability on users.

- Other matters as determined by the council.

Grants, sponsorship, and subsidies

Grants, sponsorship, and subsidies are leveraged when available. The council expects to continue receiving substantial subsidies for roading and footpath activities from Waka Kotahi NZ Transport Agency.

Investment income, dividends, and interest

Income from dividends and interest is used to offset the overall costs of the council.

Other revenue

The council receives other operating income from:

- Petrol tax
- Property rentals
- Other minor sources.

Rates

Having identified all other potential funding sources, the council funds operating expenses from rates as follows:

General Rate

The council sets its General Rate on the basis of land value.

The General Rate is set using two differentials, general and commercial. This reflects the council's view that the general rate is a form of property-based tax, where different benefits are received by general and commercial ratepayers.

Uniform Annual General Charge (UAGC)

The council sets a UAGC. The UAGC is applied to each Separately Used or Inhabited Parts (SUIP) of a Rating Unit.

Targeted Rates

The council sets targeted rates where it believes that the cost of the service should be paid for by the group that benefits most or exclusively from the activity.

Targeted rates may be set on a uniform basis or differentially for different categories of rateable land.

Some targeted rates can be considered proxies for user charges, particularly for services such as water and sewerage. They are referred to as 'proxies' because they are generally fixed amounts payable by the different category of ratepayer, rather than an amount based on the level of usage.

An example of the difference between a proxy and a user charge is the way that the council charges for sewerage.

The council charges a fixed amount to the rating unit based on the number of users (SUIPS) and/or the number of pans. If that rate were a true user charge, the council might charge on the basis of the amount of sewerage being discharged. Although the community regularly requests that form of rating, that mechanism is currently not permitted by law.

The only legal volumetric charge a council can impose is water by meter charges.

The council's Targeted Rates are:

- Ward Rates for the Bay of Islands-Whangaroa, Kaikohe-Hokianga and Te Hiku wards
- The Urban Stormwater Rate
- Drainage Rates for Kaitāia, Kaikino, Motutangi, Waiharara
- Sewerage Capital Rates for each of the council's wastewater scheme
- Sewerage Operating Rates for each of the council wastewater scheme
- Water Capital Rates for each of the council water scheme
- Community Development Rates for Paihia and Kaitāia Commercial Business Districts (CBDs)
- The Bay of Islands Recreation Centre Rate

- The Roading Uniform Rate
- A Differential Roading Rate
- Water by meter charges
- A \$15.00 Public Good Rate for water and for wastewater, and a \$10.00 public good rate for stormwater, charged to each rating unit
- Non-metered Water Rate per connection.

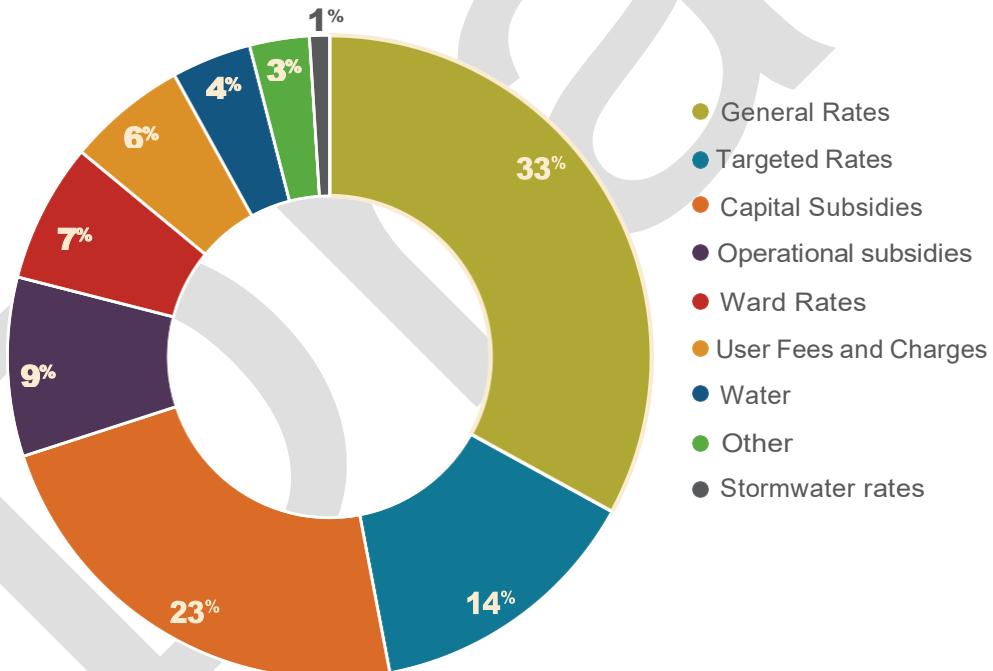
Details of all rates charged are included in the Funding Impact Statement published in the LTP and each year's Annual Plan.

Operating funding sources

Operating costs are the day-to-day spending that maintains the services delivered by the council.

This includes a contribution to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and a contribution to corporate overheads.

Figure 1 – Summary of operating income



Note: Operating funding sources may change from year to year; this summary shows funding arrangements for 2024/25 to 2026/27.

Capital costs

Capital costs are those relating to the purchase, development or acquisition of long-term assets.

Capital cost funding sources

As shown in figure 2, funding of capital costs may come from a variety of sources including:

Borrowings

Funds for assets that will provide long term benefits to the community will be borrowed to ensure the achievement of inter-generational equity.

The council reserves

Reserves include financial contributions collected under the Resource Management Act 1991 and

development contributions collected under the Local Government Act 2002.

applied.

~~While the council has resolved to continue to suspend the reinstate the~~ charging of development contributions for this LTP. ~~Outstanding contributions charged prior to the suspension of the 2015 Development Contributions Policy~~ will continue to be received ~~with respect to consents granted prior to the suspension of the policy in 2015.~~

Capital contributions

Capital contributions are made by ratepayers or other parties in support of specific capital projects.

Lump sum contributions

Lump sum contributions are made by ratepayers where they choose this method of payment towards specified capital works.

Grants, subsidies and other income

Contributions towards capital expenditure from other parties such as Waka Kotahi NZ Transport Agency in relation to certain roading projects, and the Crown in relation to certain wastewater projects and MBIE for Economic Stimulus and Employment Opportunities.

Revenue collected to fund renewals

Renewal projects are primarily funded from depreciation reserves where those funds are available.

The council has approved the following:

- Accounting treatment – funding depreciation
 - a. All depreciation on assets will be funded from rates except for:
 - Roading/footpath assets – the subsidy element relating to the depreciation for these assets will not be funded by the relevant roading subsidy rate applicable in the relevant year
 - Swimming pools – the depreciation for these assets will be reduced equal to any community contribution to ensure that the community benefits from the contributions made
 - Water/wastewater/public toilet assets – the depreciation for these assets will be reduced equal to any subsidy element to ensure that the benefit expected to be received by the current rate payers is

b. Asset groups where depreciation will not be fully funded from depreciation:

- All strategic assets, as per our Significance and Engagement Policy, will have depreciation funded at 76% until 30 June 2027 followed by a phased return to 100% over the next 10 years. This does not apply to the items identified in (A)
- Depreciation will be funded at a rate of 50% for community buildings/centres, halls and museums
- Depreciation will not be funded from rates for Civil Defence (alarms), carparks, maritime assets, motor camps, Housing for the Elderly, parks and reserves minor structures (e.g. boardwalks / park benches etc) and solid waste assets.

Any asset groups not covered above will have depreciation fully funded from rates (corporate assets etc.)

Proceeds from the sale of assets

From time-to-time the council sells assets and may use the proceeds (after paying for the cost of the sale) to repay any debt attached to the asset.

Rates

Rates are primarily used to fund the council's day- to-day expenses. This includes funding an annual amount toward the ongoing renewal of existing assets, and the funding of financing costs on debt incurred to purchase or develop assets.

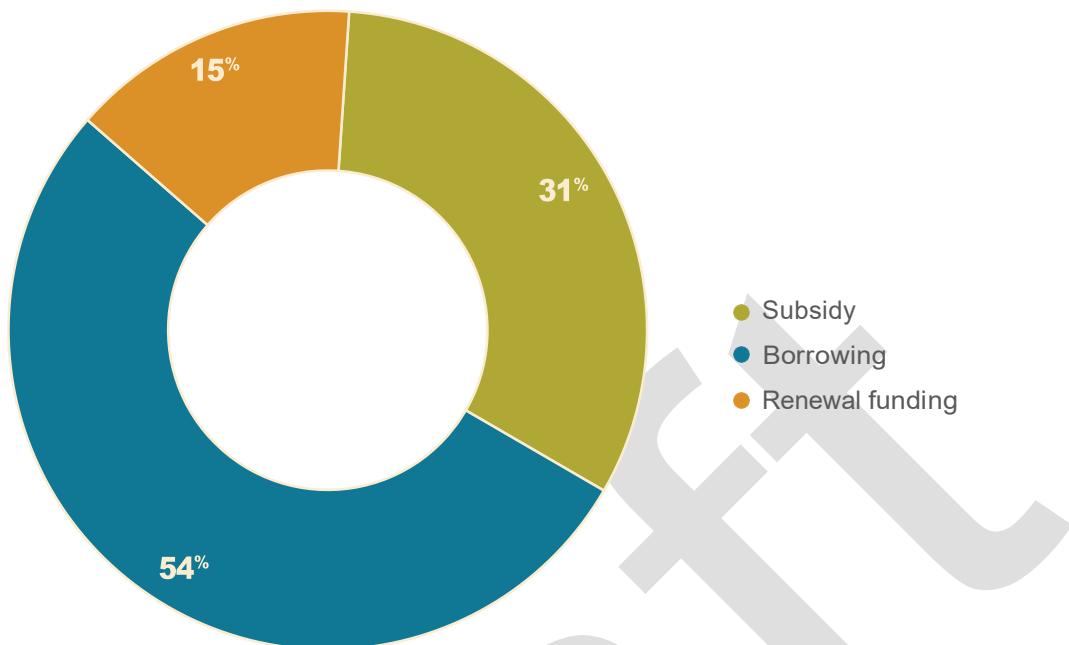
From time-to-time the council may undertake specific capital works funded by borrowings, where the debt repayment is sourced from targeted rates, usually for specific community projects.

Operating surpluses

Operating surpluses may be used to fund capital expenditure.

Capital Funding Sources 2024/25

Figure 2 – Summary of capital funding



Note: Capital funding sources may change from year to year. This summary shows funding arrangements for 2024/25.

Balanced budget

Section 100 of the LGA requires that the council's projected operating revenues match its projected operating expenditures. Despite this, the council may choose not to fully fund operating expenditure in any particular year if it can show that it is financially prudent to do so and where the deficit can be funded from operating surpluses in the immediately preceding or subsequent years. An operating deficit will only be budgeted when it would be beneficial to avoid significant fluctuations in rates, fees, or charges.

The council may choose to fund from the above sources more than is necessary to meet the operating expenditure in any particular year. The council will only budget for such an operating surplus if necessary, to fund an operating deficit in the immediately preceding or following years, or to repay debt. The council will have regard to forecast future debt levels when ascertaining whether it is prudent to budget for an operating surplus for debt repayment.

The council has determined the proportion of operating expenditure to be funded from each of the sources listed above, and the method for apportioning rates and other charges. The details of the funding apportionment are set out in the Funding Sources Summary that is included in this Policy.

The LGA requires the council to produce Funding Impact Statements (FIS), which provide details of the funding mechanisms to be used for each group of activities for each year covered by the LTP. These FIS show how the council intends to implement the Revenue and Financing Policy. It also shows the amounts to be collected from each available source for each group and how various rates are to be applied.

Funding needs analysis

This section sets out how the council proposes to fund each of its activities. It has been prepared in accordance with the provisions of Section 101(3) of the Local Government Act 2002 (the Act).

Note that throughout this section references are made to legislative provisions. Unless stated otherwise, these references refer to the Local Government Act 2002.

This analysis document is designed to show how the council has considered each of these requirements and how they relate to the final Revenue and Financing Policy.

Analysis identifies the arrangements the council proposes to apply when budgeting for each activity. Frequently there is a mix of funding mechanisms including both general and targeted rates together with a range of fees and charges. In many instances the final funding mix depends on the level of activity

and the council's ability to recover costs from user charges.

Section 101(3) analysis of operating expenditure by activity

The council has reviewed the funding for each of its individual activities using the methodologies set out in s101(3) of the LGA. The method used for this process was to consider each activity individually and reach a conclusion on each of the required factors.

Once this was completed, the council was then able to then decide how much of the activity should be funded by direct user charges and how much by rates. In this context, rates include the General Rate, Targeted Rates and Water by Meter charges, while user charges include all other forms of fees and charges.

Appendix A shows the results of this analysis and outlines the different funding arrangements. To add clarity the splits between Rates and User Charges are presented in 10% bands.

Section 101(3) analysis of capital expenditure by activity

The council will fund the cost of borrowing on the same basis as operating costs unless it resolves otherwise.

It is not practical to create separate funding policies for every capital project, so the council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity. Whenever the council resolves to consider a separate funding policy The council will consider the sources of funds outlined above, the Revenue and Financing Policy and complete a s101(3) assessment to determine a fair funding and equitable arrangement for the project.

Generally, the council will resolve the funding policy at the time the project is proposed in an Annual Plan or LTP.

Appendix A Funding arrangements

1. The Funding Source relates to the council costs only. It excludes any subsidies that may be received
2. The split between public (rate) and private (user) funding is an approximation and is arranged in 10% bands
3. The full community outcome descriptions (1-6) and Whakatauki can be found in Appendix B
4. Refer to Appendix C for a description of these headings.

| Activity | Community outcomes | Who benefits? | Period of benefit | Who's action contribute? | Separate funding | Rationale |
|---|----------------------------|-----------------------------------|-------------------|--------------------------|--|--|
| Funding source – Rates 100% (approximate. May include other minor funding sources) | | | | | | |
| Bylaws and Policies | 1 2 3 4 5 6 | Community | Ongoing | Community | This is a core planning function, so it is fully general rate funded. | This activity supports the council's democratic process which benefits all ratepayers therefore it is fully funded from general rates. |
| Customer Services | 1 2 | Individuals, groups and community | Ongoing | Community | Most of the costs of this activity relate to its public benefits so it is fully funded by general rates. | The community as a whole benefits from this activity. Whilst there are opportunities to recover some costs by way of fees and charges, these are very limited. |

| Activity | Community outcomes | Who benefits? | Period of benefit | Who's action contribute? | Separate funding | Rationale |
|----------------------|--------------------|-----------------------------------|-------------------|------------------------------------|---|--|
| Economic Development | 4 | Individuals, businesses | Ongoing | Individuals, businesses, Community | High level of public benefit so the activity is fully funded by general rates. | This activity benefits the whole District but in particular the commercial and industrial sectors recognised through the General Rate differentials. |
| Governance | 1 2 3 4 5 6 | Community | Ongoing | Community | This activity is core to Council's democratic operations, so it is fully general rate funded. | This activity supports the council's democratic process it is therefore fully funded from General Rates. |
| Integrated planning | 1 2 3 4 5 6 | Community | Ongoing | Community | This is a core planning function, so it is fully general rate funded. | This activity supports the council's democratic process which benefits all ratepayers therefore it is fully funded from general rates. |
| Land drainage | 3 4 | Individuals, Groups | Ongoing | Landowners in areas of benefit | Fully funded by benefiting property owners using separate targeted rates. | This activity provides a private benefit for the landowners located within the defined drainage areas. It is therefore fully funded by local targeted rates. |
| Māori engagement | 1 2 3 4 5 6 | Community | Ongoing | Community | High level of public benefit so it is fully general rate funded. | This is a public good activity core to the District's planning and governance functions therefore it is fully funded from General Rates. |
| Museum | 1 6 | Individuals, groups and community | Ongoing | Individuals, Groups | High level of private benefit, but with a limited ability to apply user charges. Primarily general rate funded. | Museums benefit the community by offering knowledge, local history, and educational opportunities, funded mainly by General Rates. |

| Activity | Community outcomes | Who benefits? | Period of benefit | Who's action contribute? | Separate funding | Rationale |
|--|---|-----------------------------------|-------------------|--------------------------|--|---|
| Place-making | 1 2 3 4 5 6 | Community | Ongoing | Community | This is a core planning function, so it is fully general rate funded. | This activity supports the council's democratic process which benefits all ratepayers therefore it is fully funded from general rates. |
| Public safety | 1 2 3 4 5 | Individuals, Groups | Ongoing | Individuals, Groups | Most of the costs of this activity relate to its public benefits so it is fully general rate funded. | The council provides for 100% emergency management from rates to ensure that the Community is safeguarded. Where possible recovery is sought from exacerbators to reduce public funding which is provided from General Rates. |
| Recreation | 1 2 5 | Individuals, groups and community | Ongoing | Individuals | Some private benefits but limited or no opportunities to charge so it is fully funded from general and ward rates. | Most of the council's recreational activities are non-excludable, meaning that the council cannot exclude people from using the facilities. For that reason, the activity is fully funded from General and Ward Rates. |
| Roading legalisation, cycleway and core administration | 1 2 3 4 5 | Individuals, groups | Ongoing | Users | This is a core function, so it is fully general rate funded. | This is a public good activity core to the District's planning and governance functions. Therefore it is fully funded from General Rates. |

| Activity | Community outcomes | Who benefits? | Period of benefit | Who's action contribute? | Separate funding | Rationale |
|---------------------------------|--------------------|---------------------|-------------------|--------------------------------|---|---|
| Sewerage treatment and disposal | 2 5 | Individuals, groups | Ongoing | Landowners in areas of benefit | Separately funded with a mix of targeted rates - scheme based capital rates and a district-wide operating rate. | The activity mainly benefits ratepayers, with a small public benefit to protect the environment. For this reason, a small general rate contribution provided. |
| Spatial planning | 1 2 3 4 5 6 | Community | Ongoing | Community | This is a core planning function, so it is fully general rate funded. | This activity supports the council's democratic process which benefits all ratepayers therefore it is fully funded from general rates. |
| Stakeholder engagement | 1 2 3 4 5 6 | Community | Ongoing | Community | High level of public benefit so it is fully general rate funded. | This is a public good activity core to the District's planning and governance functions therefore it is fully funded from General Rates. |
| Stormwater | 2 3 5 | Ongoing | Individuals | Landowners in areas of benefit | Separately funded with a mix of targeted rates and public good rate. | Targets those who directly benefit from the stormwater network, ensuring a more equitable distribution of funding via targeted rate based on land use and a public good rate. |
| Te Hono | 1 2 3 4 5 6 | Community | Ongoing | Community | High level of public benefit so it is fully general rate funded. | This is a public good activity core to the District's planning and governance functions therefore it is fully funded from General Rates. |

| Activity | Community outcomes | Who benefits? | Period of benefit | Who's action contribute? | Separate funding | Rationale |
|------------------|--------------------|-----------------------------------|-------------------|--------------------------|---|---|
| Town maintenance | 1 2 | Individuals, groups and community | Ongoing | Community | Most of the costs of this activity relate to its public benefits so it is funded by ward and general rates. | <p>The council needs to balance maintenance and up-grade costs against what the communities want and can afford.</p> <p>Most town maintenance activities benefit the communities at large so it is fully rate funded.</p> |

Funding source - Rates 90% - 99% User Charges 1% - 10%

The mix of district-wide and scheme-based rates balances the individual benefits with affordability

| | | | | | | |
|-----------------|-------|-----------------------------------|---------|---------------------|---|---|
| Civic buildings | 1 2 | Community | Ongoing | Community | Some private benefits which general some fees but because of the limited opportunities to charge the unrecovered costs are funded from general rates. | While the council believes that the users of these facilities should contribute towards their costs; it needs to balance the maintenance and up-grade costs against what the community can afford so it is primarily rate funded. |
| Footpaths | 2 | Community | Ongoing | Users | Most of the costs of this activity relate to its public benefits so is fully general rate funded. | The provision of footpaths is one of the core the council activities and is therefore fully funded from General and Ward Rates. |
| Libraries | 1 2 6 | Individuals, groups and community | Ongoing | Individuals, Groups | High level of private benefit, but with a limited ability to apply user charges. Primarily general rate funded. | Libraries benefit the community by providing knowledge and educational support, especially in remote areas with limited internet access. Therefore, they are primarily funded by General Rates. |

| Activity | Community outcomes | Who benefits? | Period of benefit | Who's action contribute? | Separate funding | Rationale |
|----------------------------|--------------------|-----------------------------------|-------------------|--------------------------|---|---|
| Monitoring and enforcement | 1 2 5 | Individuals, groups and community | Ongoing | Individuals, Groups | This activity relates to the control of negative effects but the ability to recover these is limited by statute. Unrecovered costs are funded from general rates. | Most of the work carried out under this activity is for public good and it is primarily funded from General Rates. The only individual or private good relates to the bylaw licensing aspect of the role where these costs are recovered by fees. |
| Parking enforcement | 1 2 | Individuals, groups and community | Ongoing | Individuals, Groups | Council's view is that whilst parking control is primarily required because of the actions of individuals, the control of parking also provides a significant community benefit. | Most of the costs of this activity are funded by fines and user charges. The balance is seen as a public good contribution and is funded by rates. |
| Roading emergency works | 2 3 | Community | Ongoing | Users | The council recognised that different categories of ratepayers receive different benefits. When an emergency event occurs the council can access additional subsidy from Waka Kotahi NZ Transport Agency | Emergency works are hard to predict and often costly therefore additional subsidy support is required. |
| Swimming pools | 1 2 | Individuals, groups and community | Ongoing | Individuals, Community | High level of private benefit, but with a limited ability to apply user charges. Primarily general rate funded. | Swimming pools are used by the public therefore user charges are applied but they do not necessarily cover all costs. |

| Activity | Community outcomes | Who benefits? | Period of benefit | Who's action contribute? | Separate funding | Rationale |
|--|--------------------|-----------------------------------|-------------------|--------------------------------|--|---|
| Water Supply | 1 2 3 5 6 | Individuals, Groups | Ongoing | Landowners in areas of benefit | Separately funded with a mix of targeted rates - scheme based capital rates and a district-wide meter operating rate. | The activity is primarily undertaken for the benefit of the consumers, so no public funding is provided. The mix of district-wide and scheme-based rates balances the individual benefits with affordability. |
| Funding source - Rates 70% - 79% User Charges 21% - 30% | | | | | | |
| Animal Control | 1 2 | Individuals, groups and community | Ongoing | Individuals | Majority of funding is received from fees and charges but there is an overall benefit to the community. Unrecovered costs are funded from general rates. | Animal Control covers dogs, other animals, and stock. Most dog owners comply with registration and rarely require further service. Public reports drive responses, but fee income seldom covers expenses. |
| Building compliance management | 1 2 3 4 5 | Community | Ongoing | Community | This activity mainly serves the public good. Limited fee income is supplemented by general rates. | This activity focuses on the council meeting its regulatory duties as a consent authority. Costs are largely unrecoverable, with applicants covering compliance certificate expenses and the shortfall funded by general rates. |
| Strategic property management | 1 2 6 | Individuals and groups | Ongoing | Individuals, Community | Some private benefits which general comes fees but because of the limited opportunities to charge the unrecovered costs are funded from general rates. | Whilst the council is the main user of these facilities; it is primarily general rate funded. |

| Activity | Community outcomes | Who benefits? | Period of benefit | Who's action contribute? | Separate funding | Rationale |
|--|--------------------|-----------------------|-------------------|--------------------------|--|---|
| Funding source - Rates 70% - 89% User Charges 11% - 30% | | | | | | |
| Information Centres / isites | 1 4 | Individuals, groups | Ongoing | Individuals | This activity is primarily provided for visitors to the District but there are limited user charging opportunities. Unrecovered costs funded from general rates. | Some fee income received but this is quite limited. The council's confirmed intention is for isites to be fully self-funding but, given that they also act as service centres, this is unlikely to be achieved. |
| Funding source - Rates 60% - 79% User Charges 21% - 40% | | | | | | |
| Cemeteries | 1 2 3 5 6 | Community Individuals | Ongoing | Individuals | High level of private benefit reflected in user charges but there is a need for indefinite maintenance requiring significant general rate funding. | Cemeteries are important to the community for cultural and social and environmental reasons. Whilst they do provide a private benefit there is a long term need to maintain them for an indefinite period of years. |
| Funding source - Rates 50% - 59% User Charges 41% - 50% | | | | | | |
| Solid Waste Management - refuse | 1 2 5 | Community | Ongoing | Community | The council has previously considered whether to separately fund this activity but has retained the current general rate funding. | This activity manages the District's waste stream, funded mainly by general rates with some user charges. Independent operators handle refuse collection and management, charging directly for their services. |
| Solid Waste Management - recycling | 1 2 3 4 5 6 | Community | Ongoing | Community | The council considered separate funding for this activity but kept general rate funding. | This activity reduces landfill waste, benefiting the District, and is funded mainly by general rates with some user charges. |

| Activity | Community outcomes | Who benefits? | Period of benefit | Who's action contribute? | Separate funding | Rationale |
|--|--------------------|-----------------------------------|-------------------|--------------------------|---|--|
| Funding source - Rates 40% - 60% User charges 60% - 40% | | | | | | |
| Building Consent management | 1 2 3 5 | Individuals, groups and community | Ongoing | Individuals, groups | This activity is mainly funded by separate fees. General rates cover costs for public good activities like providing information and advice. | The full costs of the consent process should be borne by the applicants, but it is currently not practical to identify and charge all those who receive advice, these costs are funded from general rates. |
| Compliance | 1 2 3 5 | Individuals, groups and community | Ongoing | Individuals, Groups | User charges are based on the level of private benefit but the ability to recover these is restricted because fees are limited by statute. Unrecovered costs are funded from general rates. | Most costs from this activity deal with private benefits and controlling negative effects. Statutes or affordability prevent full cost recovery to maintain compliance. Increased safety and health benefits the community, funded through general rates. |
| Resource Consent management | 1 2 3 5 | Individuals, groups and community | Ongoing | Individuals, Groups | Primarily fee funded but some public good costs cannot be recovered. Unrecovered costs are funded from general rates. | This activity is primarily to support developers and provides a high level of private good. There is, however, a significant investment in providing advice to the public on a no-fee basis and in responding to and defending consent appeals because the courts rarely award full costs. |

| Activity | Community outcomes | Who benefits? | Period of benefit | Who's action contribute? | Separate funding | Rationale |
|--|-----------------------|---------------------|-------------------|--------------------------|---|---|
| Roading | 1 2 3 4 5 | Community | Ongoing | Users | The council recognised that different categories of ratepayers receive different benefits. There is a small contribution from other fees and charges. | This activity is primarily funded from General Rates with a relatively small contribution from Targeted Rates and fees and charges. |
| Funding source – Rates 20% - 39% User Charges 61% - 80% | | | | | | |
| Ferry | 1 2 3 4 5 | Individuals, groups | Ongoing | Individuals, groups | User pay charges and subsidy from Waka Kotahi New Zealand Transport Agency contribute to the funding of the service. | This is a key transport link that supports community access to medical services. |
| Housing for the Elderly* | 1 2 | Individuals | Ongoing | Individuals | High level of private benefit paid for in rental income, but some costs cannot be recovered. Unrecovered costs funded from borrowing. | Primarily funded by rentals paid by the occupiers but Council recognises that at times this activity may not be self-funding. This can be caused by several factors such as unexpected vacancies, market conditions etc. In that event the additional funding will be provided from borrowing. |

* The Housing for the Elderly portfolio will be divested during this LTP.

Appendix B: Community Outcomes

Our community outcomes were reviewed as part of the Long-Term Plan 2024-27 with slight adjustments made to the wording.

| | | | |
|---|--|---|--|
| 1 |  | Proud, vibrant communities | Whakatauki Te pā harakeke. A community of harakeke plants. |
| 2 |  | Communities that are healthy, safe, connected, and sustainable | Whakatauki He tina ki runga, he tāmore ki raro. Contentment above, firmly rooted below. |
| 3 |  | Resilient communities that are prepared for the unexpected | Whakatauki Te toka tū moana. The boulder standing in the ocean. |
| 4 |  | Prosperous communities supported by a sustainable economy | Whakatauki He kūaka marangaranga, kōtahi te manu i tau ki te tāhuna, ka tau, ka tau, tau atu e. Godwits rise and flock together in the air, one bird comes down to land on the sandbank to feed, then another, then another and another. |
| 5 |  | A wisely managed environment that recognises the role of tangata whenua as kaitiaki | Whakatauki Whatungarongaro te tangata, toitu te whenua. As man disappears, the land remains. |
| 6 |  | We celebrate our unique culture and history | Whakatauki Ahakoa he iti he pounamu. Although it is small, it is greenstone. |

Appendix C: Factors considered in assessing s101(3) matters

| LGA Section | Description from table | Factors considered |
|-----------------|------------------------|--|
| S101(3)(a)(i) | Community outcomes | Information drawn from the council's community outcomes adopted for consultation 12 March 2024. |
| S101(3)(a)(ii) | Who benefits | The council has grouped the beneficiaries of every activity according to the following criteria: Individuals: where there is a direct benefit to a user. Groups: where a particular group in the community benefits. For example, a group could be identified by proximity to a service or by association. Community: where there is a benefit to the majority of persons or properties in the community. |
| S101(3)(a)(iii) | Period of benefit | For operating costs, the period of benefit is ongoing as the council regularly provides the service. For the purpose of user charges, the benefit is restricted to the period of use, and user charges recognise this. For capital projects the council will consider the period of benefit to be the current and future generations who will benefit from the activity and will distribute the funding accordingly. |

| LGA Section | Description from table | Factors considered |
|--------------------|-------------------------------------|---|
| S101(3)(a)(iv) | Whose act creates a need | The council considered whether the action or inaction of individuals or groups contribute to the need to undertake the activity. This assessment may help the council determine whether user charges or targeted rates may be a funding option to modify the behaviour of those whose action or inaction causes cost to the council. |
| S101(3)(a)(v) | Separate funding and Funding source | In the first instance the council considered whether individual user charges were the best method to attribute transparent and accountable charges to beneficiaries of the service. In considering the feasibility of this, the council considered the cost of and efficiency of collecting the separate revenues. The council believes that the current mix of general and targeted rates provides a transparent funding arrangement whilst, at the same time does not create an excessive complex system to maintain. |
| S101(3)(b) | Rationale | In considering the overall impact of the liability to pay rates, the council is of the view that it is not possible or fair to allocate the cost solely on individuals' benefits (as if rates replicated user pays). It is through the collective contribution of the whole community that the well-being of the District is best improved. The council does, however, operate a range of differentials which are designed to allocate the funding requirements to recognise the different demands that different ratepayer groups make on the services that the council provides. |

Price level adjustors

| All activities | Source | Year 1 | Year 2 | Year 3 |
|------------------------------|--------------------------------|----------------|----------------|----------------|
| | | 2024/25 | 2025/26 | 2026/27 |
| Capital expenditure | | | | |
| Capital expenditure | LGCI -CAPEX | 2.6% | 2.7% | 2.6% |
| Specific operating | | | | |
| Compliance | BERL - Planning and Regulation | 2.2% | 2.2% | 2.2% |
| Communication and Engagement | BERL - Community Activities | 2.4% | 2.5% | 2.4% |
| District Facilities | BERL - Community Activities | 2.4% | 2.5% | 2.4% |
| Others | BERL - Planning and Regulation | 2.2% | 2.2% | 2.2% |
| Solid Waste Management | BERL - Water and Environmental | 2.7% | 2.9% | 2.8% |
| Stormwater and Drainage | BERL - Water and Environmental | 2.7% | 2.9% | 2.8% |
| Transport Network | BERL - Roading | 2.9% | 2.9% | 2.9% |
| Wastewater | BERL - Water and Environmental | 2.7% | 2.9% | 2.8% |
| Water Supply | BERL - Water and Environmental | 2.7% | 2.9% | 2.8% |

Interest rate projection

| | Year 1 | Year 2 | Year 3 |
|---------------------|----------------|----------------|----------------|
| | 2024/25 | 2025/26 | 2026/27 |
| Interest rates used | 4.83% | 4.92% | 4.75% |

