

Ngā Kaupapa Here • Policies



# Kaupapa here Hiringa here Tomokanga • Significance and Engagement Policy

## Purpose

This Policy explains how Council will determine the significance of decisions and when and how our communities can expect to participate in Council's decision-making processes.

## Context

Genuine engagement is integral to high-quality Council planning, decision-making and operations. To be effective, we must be well acquainted with our community and their preferences, and our plans should have solid community backing.

Engagement is a process of dialogue between decision-makers, partners, communities and stakeholders for the purpose of making decisions, policies and strategies. Effective engagement serves to build trust in Council decision-making and increase Council's awareness of issues in the community.

This Policy provides guidance for assessing significance and the level of engagement suitable to the significance of the decision, along with guidance on the circumstances in which we would not consult. While our staff interact with community members, Māori partners and key stakeholders daily, some Council decisions require a more structured form of engagement due to the significance a matter has within the wider community, or for groups within the community. Conversely, it would not be appropriate for Council to take every decision to the community.

The goal is to give people a sense of ownership of decisions and ensure Council's work is relevant to the people who live in our district.

## Objective

The objectives of this policy are to:

1. Ensure consistency when determining the significance of proposals, assets and decisions
2. Identify the extent and type of public engagement required before a decision is made
3. Provide clarity about how and when communities can expect to be engaged in decisions
4. Build genuine relationships with Māori, Treaty partners, key stakeholders and the wider community through a better understanding of their preferences, and encouraging co-operation, respect and mutual understanding of other points of view
5. To acknowledge the enduring presence, aspirations, and cultural obligations of mana whenua as kaitiaki of the Far North
6. Comply with section 76AA of the Local Government Act 2002.

## Definitions

**Consultation** is a formal type of engagement, often prescribed by legislation and time bound. It generally involves seeking community feedback on a draft proposal, plan or document in order to inform Council's decision-making.

**Engagement** describes a broad range of activities, which might include consultation, designed to invite community participation in solving problems or making decisions related to Council's work. This means Council's work can better reflect or respond to the needs, views, preferences or aspirations of the community.

**Hapū** defines a cluster of families linked by the same whakapapa that may share the same land boundaries and same marae.

**Levels of service** refer to the targets Council aims to achieve for the various services and facilities it provides. These are reviewed every three years in the Long-Term Plan. An example of this is the percentage of the roading network we aim to reseal each year.

**Mana whenua** are Māori with authority over the land and kaitiaki status.

**Mātāwaka** are Māori for whom their place of residence is not their traditional home, and therefore are not described as mana whenua.

**Memorandum of Understanding (MOU)** in this policy refers to a Crown-Māori Relationship Instrument, which is a documented agreement or arrangement, signed by both parties, that establishes or recognises an ongoing collaborative relationship between Ministers, Government agencies or Crown entities (such as Local Government), and a whānau, hapū, iwi, Māori organisation or Māori communities.

**Significance** is the degree of importance of an issue, proposal, decision, or matter that concerns or is before Council.

Significance relates to the likely impact on:

1. the wellbeing of the district
2. people affected
3. the ability of Council to perform its role, and the financial and other costs of doing so.

A more detailed definition can be found in section 5 of the Local Government Act 2002.

**Special consultative procedure** is prescribed by legislation. It requires Council to prepare and adopt a statement of proposal and a summary of the information if needed to reduce or remove confusion, and to make this widely available for public consumption and feedback, within a timeframe of no less than one month. Council

must also provide an opportunity for people to present their views orally, if they wish to do so. Further detail is set out in section 83 of the Local Government Act 2002.

**Strategic assets** are assets, such as infrastructure or properties, that Council needs in order to achieve outcomes it decides are important to the current or future well-being of the community. A more detailed definition can be found in section 5 of the Local Government Act 2002.

**Tangata whenua** refers to “people of the land”. It might relate to specific groups, or more broadly to Māori as a people.

### Principles of engagement

1. Our principles for engagement are laid out in the Local Governance Statement and are guided by the Local Government Act 2002 sections 82 Principles of Consultation and section 81 Contributions to Decision Making Processes by Māori.
2. We clearly communicate how and to what extent those we are engaging with can influence outcomes and within these limits we are genuinely open to the feedback and ideas of our community.
3. We think about engagement at the beginning of any project or process so that it is planned and purposeful. This also means, where appropriate, stakeholders or the community can be involved from an early stage.
4. We consider who will be affected by or interested in the project or process, and we try to reach as many people as possible within that group.
5. We provide clear, easy-to-understand background information to those we are engaging with, so they are better equipped to discuss the project or process and provide informed feedback.
6. We consider the timing of our engagement activities so as not to overburden our community.
7. We thank community members for their contributions, provide them with a summary of feedback and explain our decisions.

### Engaging with tangata whenua

1. Council acknowledges the unique perspective of Te Ao Māori and recognise that Māori are more than an interest group or stakeholder.
2. We will continue to build and strengthen our relationships with mana whenua representative entities and engage in a range of ways to ensure their views are appropriately represented in the decision-making process.
3. Council acknowledges that different approaches are needed for Māori who live in the Far North but do not have genealogical connections to mana whenua hapū.

4. When engaging with tangata whenua and Māori, Council will:
  - a. Engage early in the decision-making process
  - b. Establish and maintain processes to provide opportunities for Māori to contribute to Council’s decision-making, including partnership approaches where appropriate, and support Māori to fully engage with us
  - c. Ensure existing general and project-specific relationship processes between Council and tangata whenua will, where working well, remain as a starting point for engagement
  - d. Recognise and empower existing formal relationships (i.e. MOUs) with iwi and hapū
  - e. Actively consider the recognition and protection of Māori rights and interests within the Far North and how we can contribute to the needs and aspirations of Māori
  - f. Ensure all Council reports identify any impacts on Māori
  - g. Build ongoing relationships with Māori through a range of approaches that enables Māori to guide how they want to engage with Council
  - h. Fulfil its obligations under any Treaty Settlement legislation.

### Engaging with diverse communities

1. Council will consider those in our community with visual, hearing or literacy impairments, and those who speak English as a second language.
2. When undertaking engagement, Council will consider how to meet the needs of our diverse communities in respect of accessibility, language and cultural expectations to ensure engagement with Council is enabled as much as possible.
3. Council will consider the many demographics and interested parties across the District, including but not limited to youth, business, retirees and ratepayers that do not live in the district.

### Determining significance

1. Significance is determined in the early stages of a proposal, before decision making occurs. If it becomes necessary to do so, the significance of a proposal may be re-assessed at any time.
2. In determining a proposal’s degree of significance, Council will be guided by:
  - a. Legislative requirements including the Local Government Act 2002 (LGA), the Resource Management Act 1991 (RMA), and Treaty Settlement (TS) legislation including Memoranda of Understanding (MOU)
  - b. Whether the decision is inconsistent with previous Council decisions or current policies, according to section 80 of the LGA

- c. Commitments made in relationship agreements such as any MOU and/or mana-enhancing agreement
- d. Historic levels of community impact or interest in the proposal
- e. The likely impact on iwi/hapū/whanau and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga.

- 3. The criteria in section 10. Matters of Significance are considered sufficient to assess the significance of decisions that have a climate change element, cause or impact.

## Climate change

- 1. From 31 December 2021 the RMA requires councils to have regard to emissions plans and adaptation plans under the Climate Response Act 2002.
- 2. Council routinely considers the implications of its actions on climate change mitigation and adaption in its decision-making.

## Matters of significance

- 1. A decision is of high significance if one of the following applies:
  - a. It involves the transfer of the ownership or control of a strategic asset (Schedule 1) or other important asset (Schedule 1a) to or from Council; or
  - b. It is inconsistent with Council plans or policies and meets one of the thresholds shown in the table below:

Criteria	Threshold
Transfer of a strategic asset	The proposal involves the transfer of the ownership or control of a strategic asset (Appendix A) to or from Council.
Unbudgeted financial impacts	The proposal will incur unbudgeted net operational expenditure exceeding 2.5% of total rates in the year commenced OR unbudgeted net capital expenditure exceeding 10% of total rates in the year commenced.
Of specific interest to Māori	The proposal has a major and long-term impact on the wellbeing of iwi/hapū/whanau and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga.
Level of public interest	The proposal is likely to generate considerable interest or community views render the community deeply divided.
Effect on the community and its demographics	The proposal is likely to have an impact on the social, economic, environmental or cultural wellbeing of the District or an aspect of the District (e.g. a particular ward, a community of interest, a geographic area, or demographic).
Level of service	The proposal is likely to result in a change in the level of service and that the change will be major and long-term.

## Determining engagement

- 1. Council looks at the level of significance of a proposal when deciding what type of engagement is appropriate.
- 2. If a proposal is determined to be of high or medium significance, Council will conduct some form of engagement to inform the decision-making process.
- 3. If a proposal is determined to be of low significance, Council may inform the community once a decision has been made, or it may choose not to engage with the community at all (section 13).
- 4. Council applies the International Association of Public Participation (IAP2) spectrum to guide its approach to engagement.
- 5. Schedule 2 sets out the type of engagement the community can expect for proposals at different levels of significance.

## Special consultative procedure

- 1. In some cases, the type of consultation required is set out in the legislation, i.e. the LGA. This is called a special consultative procedure and is prescribed in section 83 of the LGA, and is applied in the following situations:
  - 2. Adoption or amendment of a Long Term Plan
  - 3. Making, amending or revoking a bylaw that is considered of significant interest to the public or will likely cause significant impact on the public
  - 4. When Council decides it is prudent to do so.
  - 5. In these circumstances, the Special Consultative Procedure is a minimum requirement – Council may choose to conduct other engagement in addition to this process.

## When Council may choose not to engage

Things Council will generally not engage on include, but are not limited to:

1. Operational matters that do not reduce a level of service
2. Emergency management activities
3. Those decisions made by delegation to Council staff
4. Commercially sensitive decisions (e.g. awarding contracts)
5. Decisions made to manage an urgent issue
6. Decisions where action is necessary to:
  - a. comply with the law
  - b. protect life, health, or amenity and infrastructure
  - c. prevent serious damage to property
  - d. avoid, remedy, or mitigate an adverse effect on the environment.

## Schedule 1: Strategic Assets

The following is a list of assets that Council requires in order to achieve outcomes important to the current or future well-being of the community:


1. Council Headquarters
2. The roading network
3. The stormwater network
4. The wastewater network
5. The water supply network
6. The open space network, including parks, walkways and sports fields under the Reserves Act 1977
7. Council-owned cemeteries
8. Libraries
9. Shares in Far North Holdings Limited
10. Housing for the elderly.

## Schedule 1a: Other Assets of importance to the community

The following are non-strategic assets (i.e. not defined as a "strategic asset" under the Local Government Act Section 5 Interpretation), but are considered by Far North District Council to be important to the well-being of the community:

1. Council land that is subject to claim under Te Tiriti o Waitangi
2. Council land/assets that have been transferred to Council Controlled Organisations.

## Schedule 2: Engagement Assessment

Significance	LOW	MEDIUM	HIGH		
Expectation	MINIMUM	Local Government Act 2002 s82 and s83			
Level of engagement	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
Engagement Focus	This is what we are doing	Tell us what you think	Help us decide	Let's work together	You make the decision
What does it involve?	One-way communication providing balanced and objective information to assist understanding about something that is going to happen or has happened.	Two-way communications designed to obtain public feedback about ideas on rationale, alternatives and proposals to inform decision-making.	Participatory process designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to decision-making.	Working together to develop understanding of all issues and interests to work out alternatives and identify preferred solutions.	The final decision is in the hands of the public. Under the LGA, the Mayor and Councillors are elected to make decisions on behalf of their constituents.
When the community can expect to be involved	Council would generally advise the community once a decision is made.	Council would advise the community once a draft decision is made by Council and would generally provide the community with up to four weeks to participate and respond. Where desirable to meet the needs of affected parties or groups, and possible within timeframes available, Council may consider extending this period.	Council would generally provide the community with a greater lead-in time to allow them time to be involved in the process.	Council would generally involve the community at the start to scope the issue, again after information has been collected, and again when options are being considered.	Council would generally provide the community with a greater lead-in time to allow them time to be involved in the process, e.g. typically a month or more.
Tools Council can use	Website and publications Social media Media release	Surveys Focus groups Submissions	Formal Hearings Public meetings Drop-in Centres	External Working Groups MOUs	Referenda Elections Polls



## Revenue and Financing Policy

### 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.

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 Far North District Council plans to fund its operating and capital expenditure, over the life of the Long-Term Plan.

The Policy discusses all available potential revenue and funding sources and outlines how and when it will use these. In considering funding arrangements 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 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 Council considers is an optimal funding arrangement for the activity.

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 Council's activities that are, as far as possible, affordable, transparent, and accountable.

### Funding principles

After considering the above factors, 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
- 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. 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 Council, including a contribution to the wear and tear on assets used (referred to as depreciation). 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 Council.

## Grants, sponsorship, and subsidies

Grants, sponsorship, and subsidies are leveraged when available. 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 Council.

## Other revenue

Council receives other operating income from:

- Petrol tax
- Property rentals
- Other minor sources.

## Rates review

Since the last local body election, Council has reviewed its rates structure, and recently carried out soft consultation to see if there is an appetite by the community for changes to improve fairness and equity across the District. Council then decided to formally consult on all options. The consultation sought feedback on several potential rating changes:

- Transition over the next 10 years to capital value as the basis for calculating the general rate. **DECLINED**
- Changing the urban stormwater targeted rate to target 90% to urban areas based on CV with the remaining 10% being charged through the general rate. **APPROVED**
- Consult on changing the targeted water and wastewater rates to a District-wide rate and include a small 'public good' charge of \$15 per rating unit for water and for wastewater. **APPROVED**
- Reduce the availability charge by 40% for those who could connect to a reticulated system but choose not to. **DECLINED**
- Reduce the commercial differential from 2.75 to 1.75. **DECLINED**
- Disestablish uniform charges (the uniform annual general charge and the roading uniform charge). **DECLINED**
- Remove the current roading targeted rate. **DECLINED**

The outcome of the consultation showed that many ratepayers supported a change in rates but were undecided about what part of the rating system should change. This is likely linked to the complexity of rates in general. In debating public feedback, Council

acknowledged that it set out to improve the equitability of the rating system but in making these decisions has made little change. However, also front-of-mind for Councillors is the inquiry into the future of local government that may result in changes to funding and financing options for councils. Further, the impacts of the Resource Management Act review and Three Waters Reform are likely to change core business and purpose. It was decided that Council should continue to look for ways to ease the affordability issue. The community can expect further discussion on the matter.

## Rates

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

### General Rates

Council sets its General Rates on the basis of Land Value.

The General Rate is set using two differentials, general and commercial. This reflects 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)

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

### Targeted Rates

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 Council charges for sewerage. 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, 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.

### 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 Council wastewater scheme
- Sewerage operating rates for each Council wastewater scheme
- Water capital rates for each Council water scheme
- Community Development rates for Paihia and Kaitiāia Commercial Business Districts (CBDs)
- The Bay of Islands Recreation Centre rate
- The roading uniform rate
- A differential roading rate
- Water by meter charges

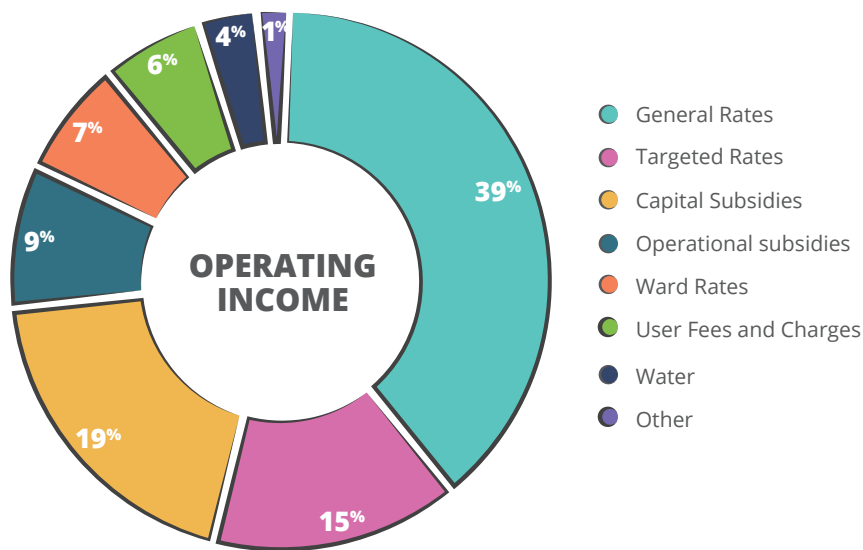
- Private roading sealing rate for Hupara Road
- A \$15 public good rate for water and for wastewater, charged to each rating unit
- Non-metered water rate per connection

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

### Operating funding sources for 2021/22

Operating costs are the day to day spending that maintains the services delivered by 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 2021/22

### 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.

#### Council reserves

Reserves include financial contributions collected under the Resource Management Act 1991 and development contributions collected under the Local Government Act 2002.

While Council has resolved to continue to suspend the charging of development contributions for this LTP, contributions 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.

Council has approved the following:

Accounting treatment – funding depreciation

- A. All depreciation on assets will be funded from rates except for:
  - Roothing/footpath assets – the subsidy element relating to the depreciation for these assets will not be funded by the relevant rooding 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 applied.
- 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 2024 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, 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 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**

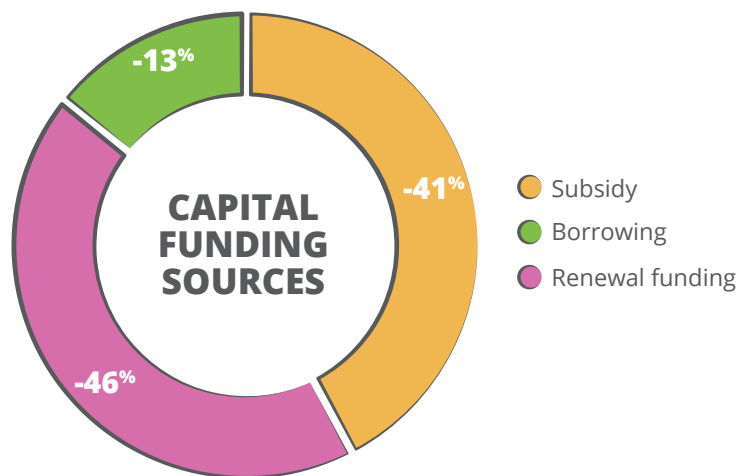
Rates are primarily used to fund Council's day-to-day expenses. This includes funding an annual amount toward the ongoing renewal of existing assets, and the funding of financing costs on debt incurred to purchase or develop assets.

From time-to-time 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 2021/22**  
**Figure 2 – Summary of capital funding**



Note: Capital funding sources may change from year to year. This summary shows funding arrangements for 2021/22

## Balanced budget

Section 100 of the LGA requires that Council's projected operating revenues match its projected operating expenditures. Despite this, 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.

Council may choose to fund from the above sources more than is necessary to meet the operating expenditure in any particular year. 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. Council will have regard to forecast future debt levels when ascertaining whether it is prudent to budget for an operating surplus for debt repayment.

## Funding needs analysis

This section sets out how 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 Council has considered each of these requirements and how they relate to the final Revenue and Financing Policy.

Analysis identifies the arrangements 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 Council's ability to recover costs from user charges.

### Section 101(3) analysis of operating expenditure by activity

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.

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 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 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.

Once this was completed, 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

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 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 Council resolves to consider a separate funding policy 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, Council will resolve the funding policy at the time the project is proposed in an Annual or Long-Term Plan.

## Appendix A – Funding of operational expenditure

Activity	Community outcomes - refer Appendix B	Who benefits	Period of benefit	Whose actions creates a need	Separate funding	Rationale
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Notes:

1. The Funding Source relates to 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. Refer to Appendix C for a description of these headings

### Funding source – Rates 100% (approx. may include other minor funding sources)

Customer Services	Sustainable Development	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.
Economic Development	Sustainable Development	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	Leadership	Community	Ongoing	Community	This activity is core to Council's democratic operations, so it is fully general rate funded.	This activity supports Council's democratic process it is therefore fully funded from General Rates.
Land Drainage	Sustainable Infrastructure	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	Partnerships	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.
Public Safety	Safety	Individuals, Groups	Ongoing	Individuals, Groups	Most of the costs of this activity relate to its public benefits so it is fully general rate funded.	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.

Activity	Community outcomes - refer Appendix B	Who benefits	Period of benefit	Whose actions creates a need	Separate funding	Rationale
Recreation	Sustainable Development	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.	<p>Most of Council's recreational activities are non-excludable.</p> <p>That means that Council cannot exclude people from using the facilities.</p> <p>For that reason, the activity is fully funded from General and Ward Rates.</p>
Stormwater	Safety	Ongoing	Individuals	Some private benefits but limited or no opportunities to charge so it is fully funded from general and ward rates.	Most of Council's recreational activities are non-excludable.	<p>Despite the private benefit received from the provision of stormwater, Council is of the view that the overall benefit to the community supports the continuation of the funding from the general rate with a smaller stormwater rate over urban communities.</p>
Strategic Planning	Sustainable Development	Community	Ongoing	Community	This is a core planning function, so it is fully general rate funded.	This activity supports Council's democratic process which benefits all ratepayers therefore it is fully funded from General Rates.
Town Maintenance	Sustainable Development	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>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>
Water Supply	Safety Sustainable Infrastructure	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.

Activity	Community outcomes - refer Appendix B	Who benefits	Period of benefit	Whose actions creates a need	Separate funding	Rationale
Sewerage Treatment and Disposal	Safety Environmental Protection	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 is primarily undertaken for the benefit of the ratepayers connected to the schemes however there is a small public benefit arising from wastewater treatment protecting the environment.  For this reason, a small general rate contribution provided.
Roading legalisation, cycleway and core administration	Safety Sustainable infrastructure	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.
<b>Funding source – Rates 90% - 99% User Charges 1% - 10%</b>						
The mix of district-wide and scheme-based rates balances the individual benefits with affordability						
Roading emergency works	Safety	Community	Ongoing	Users	Council recognised that different categories of ratepayers receive different benefits.  When an emergency event occurs Council can access additional subsidy from NZTA	Emergency works are hard to predict and often costly therefore additional subsidy support is required
Monitoring and Enforcement	Safety	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.



Activity	Community outcomes - refer Appendix B	Who benefits	Period of benefit	Whose actions creates a need	Separate funding	Rationale
Libraries	Sustainable Development	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.	<p>By their nature libraries are a public benefit provided to the community.</p> <p>Given the remote nature of many of the district's communities and the relatively low-level internet access, libraries are important facility providing sources knowledge and supporting and improving educational opportunities in the district.</p> <p>For these reasons they are primarily funded from General Rates.</p>
Swimming Pools	Sustainable Development Sustainable Infrastructure	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.
<b>Funding source – Rates 80% - 89% User Charges 11% - 20%</b>						
Parking Enforcement	Safety Sustainable Development	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.

Activity	Community outcomes - refer Appendix B	Who benefits	Period of benefit	Whose actions creates a need	Separate funding	Rationale
Building Compliance Management	Safety Environmental Protection	Community	Ongoing	Community	This activity is predominantly carried out for the public good, and whilst there is some fee income this is limited. Unrecovered costs are funded from general rates.	This activity is primarily about Council ensuring that it meets its legislative requirements as a consent authority therefore much of the costs are not recoverable. The cost of issuing compliance and other certificates are borne by applicants which the shortfall funded by general rates.
<b>Funding source – Rates 70% - 79% User Charges 21% - 30%</b>						
Footpaths	Safety Sustainable Infrastructure	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 Council activities and is therefore fully funded from General and Ward Rates.
Civic Buildings	Sustainable Infrastructure	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.	Whist 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.
Solid Waste Management	Safety Sustainable Infrastructure	Community	Ongoing	Community	Council has previously considered whether to separately fund this activity but has retained the current general rate funding.	This activity is about the management of the waste stream for the district therefore it is appropriate for it to be primarily funded from general rates with some user charges. The collection and management of refuse within the communities is carried out by independent operators who charge directly for the service.

Activity	Community outcomes - refer Appendix B	Who benefits	Period of benefit	Whose actions creates a need	Separate funding	Rationale
Animal Control	Safety	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 includes both dog and other animal and stock control. Most dog owners register their dogs in the required time and rarely call upon the service beyond the registration or micro-chipping requirements. The majority of responses to incidents or complaints come from the general public and whilst there are mechanisms to recover some costs, these are limited, and the fee income rarely covers this expense.

#### Funding source – Rates 70% - 89% User Charges 11% - 30%

Information Centres – i- SITES	Sustainable Development  Sustainable Infrastructure	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. Council's avowed intention is to make i-SITES fully self-funding but, given that they also act as service centres, this is unlikely to be achieved.
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#### Funding source – Rates 60% - 79% User Charges 21% - 40%

Cemeteries	Safety  Sustainable Infrastructure	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.
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Activity	Community outcomes - refer Appendix B	Who benefits	Period of benefit	Whose actions creates a need	Separate funding	Rationale
<b>Funding source – Rates 50% - 59% User Charges 41% - 50%</b>						
Resource Consent Management	Safety Environmental Protection	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.
<b>Funding source – Rates 40% - 60% User charges 60% - 40%</b>						
Roading	Safety Sustainable Infrastructure	Community	Ongoing	Users	Council recognised that different categories of ratepayers receive different benefits.  There is a small contribution from other fees and charges.	Council considered separately funding the whole of the roading activity with differentiated targeted rates but because of community engagement agreed to primarily fund it from General Rates with a relatively small contribution from Targeted Rates and fees and charges.  Council believes that this arrangement provides clarity and affordability for funding the roading activity.
Building Consent Management	Safety Environmental Protection	Individuals, groups and community	Ongoing	Individuals, groups	This activity is primarily funded by separate fees – some costs arise from the provision of ‘public good’ activities such as giving information and advice, this is funded by general rates.	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.

Activity	Community outcomes - refer Appendix B	Who benefits	Period of benefit	Whose actions creates a need	Separate funding	Rationale
Environmental Health	Safety Environmental Protection	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.	Many of the costs arising from this activity relate to private benefits and the control of negative effects.  The ability to recover those costs is governed by statute or a need to remain affordable to avoid the risk of reduced compliance.  There is an overall benefit to the community from increased safety and health which is reflected in the general rate funding.

#### Funding source – Rates 30% - 49% User Charges 51% - 70%

Housing for the Elderly	Safety Sustainable Infrastructure	Individuals	Ongoing	Individuals	High level of private benefit paid for in rental income, but some costs cannot be recovered.  Unrecovered costs funded from general rates.	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 General Rates.
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#### Funding source – Rates 20% - 39% User Charges 61% - 80%

Ferry	Safe and connected	Individuals, groups	Ongoing	Individuals, groups	User pay charges and subsidy from NZTA contribute to the funding of the service.	This is a key transport link that supports community access to medical services.
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## Appendix B

Our community outcomes were reviewed as part of the Long-Term Plan 2021-31.

	<b>Communities that are healthy, safe, connected, and sustainable</b>	<b>Whakataukī</b> He tina ki runga, he tāmore ki raro. Contentment above, firmly rooted below.
	<b>Connected communities prepared for the unexpected</b>	<b>Whakataukī</b> Te toka tū moana. The boulder standing in the ocean.
	<b>Proud, vibrant communities</b>	<b>Whakataukī</b> Te pā harakeke. A community of harakeke plants.
	<b>Prosperous communities supported by a sustainable economy</b>	<b>Whakataukī</b> He kuaka mārangaranga, kotahi 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.
	<b>A wisely managed and treasured environment that recognises the role of tangata whenua as kaitiaki</b>	<b>Whakataukī</b> Whatungarongaro te tangata, toitū te whenua. As man disappears, the land remains.
	<b>We embrace and celebrate our unique culture and heritage and value it as a source of enduring pride</b>	<b>Whakataukī</b> 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 Council's Outcomes adopted 28 February 2018 and updated for Council decisions on 24 May 2018.
S101(3)(a)(ii)	Who benefits	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 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 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.
S101(3)(a)(iv)	Whose act creates a need	Council considered whether the action or inaction of individuals or groups contribute to the need to undertake the activity. This assessment may help 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 Council
S101(3)(a)(v)	Separate funding and Funding source	In the first instance 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, Council considered the cost of and efficiency of collecting the separate revenues. 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.



LGA Section	Description from table	Factors considered
S101(3)(b)	Rationale	<p>In considering the overall impact of the liability to pay rates, 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 wellbeing of the district is best improved.</p> <p>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 Council provides.</p>

## Price level adjustors

Source		Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31	20 Year Average
<b>Capital Expenditure</b>												
All activities	LGCI - CAPEX	2.3%	3.0%	2.6%	2.6%	2.7%	2.6%	2.8%	2.8%	2.9%	2.7%	2.3%
<b>Specific Operating</b>												
Roading and Footpaths	BERL - Rooding	2.4%	3.1%	3.0%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.5%
Water Supply	BERL - Water and Environmental	2.4%	3.5%	2.6%	2.7%	2.9%	2.8%	3.2%	3.3%	3.4%	3.1%	2.5%
Wastewater	BERL - Water and Environmental	2.4%	3.5%	2.6%	2.7%	2.9%	2.8%	3.2%	3.3%	3.4%	3.1%	2.5%
Stormwater	BERL - Water and Environmental	2.4%	3.5%	2.6%	2.7%	2.9%	2.8%	3.2%	3.3%	3.4%	3.1%	2.5%
Solid Waste Management	BERL - Water and Environmental	2.4%	3.5%	2.6%	2.7%	2.9%	2.8%	3.2%	3.3%	3.4%	3.1%	2.5%
District Facilities	BERL - Community Activities	2.1%	2.7%	2.5%	2.4%	2.5%	2.4%	2.5%	2.6%	2.6%	2.4%	2.1%
Customer Services	BERL - Community Activities	2.1%	2.7%	2.5%	2.4%	2.5%	2.4%	2.5%	2.6%	2.6%	2.4%	2.1%
Environmental Management	BERL - Planning and Regulation	2.2%	2.5%	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.0%
Others	BERL - Planning and Regulation	2.2%	2.5%	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.0%

## Interest rate projection

	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31
Interest rates used	2.2%	1.8%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%