

# Revenue and Financing Policy

## Background

Section 102(4)(a) of the Local Government Act 2002 states that a local authority must adopt a revenue and financing policy. The revenue and financing policy must state:

- a) The local authority's policies in respect of funding operating expenses from the sources listed below
- b) The local authority's policies in respect of funding capital expenditure from the sources listed below

## Changes to Funding Mechanisms

The only significant change in the policy was to change the funding source for the Promotion and Tourism Rate.

Council agreed to not continue with the targeted rate for District Promotion and Tourism. All activities associated with district development, promotion and museum funding will be funded through the general rate, especially the commercial differentials.

## Alternative funding sources (S(103(2)):

The Funding Impact Statement from **pages 139-151** provides detailed definitions, description and rating sectors for each of the targeted rates.

- General rates: which includes both a general (differential) rate and Uniform Annual General Charge (UAGC).
- The general rate is set and assessed on the land value of all rateable land in the district, on a differential basis based on location, area, land use and the activities that are permitted, controlled or discretionary for the area in which the land is situated as per the District Plan.

The definition of the differential categories is set out in Section 6 of the Funding Impact Statement.

- Targeted rates
- Fees and charges: refers to pages 140 - 156
- Interest and income from investments
- Borrowings
- Proceeds from asset sales
- Development contributions
- Financial contributions under the Resource Management Act
- Grants and subsidies
- Any other sources

In considering which funding sources are appropriate for each activity, Council has considered (S(101(3)) of the Local Government Act:

- a) The promotion of community outcomes
- b) User/beneficiary pays – the distribution of benefits between the community as a whole, any identifiable part of the community and individuals
- c) Intergenerational equity – the period in or over which those benefits are expected to come
- d) Exacerbator pays – the extent to which the actions or inaction of particular individuals or groups contribute to the need to undertake the activity
- e) The costs and benefits of funding an activity in a different manner to the way other activities are funded, including consequences for transparency and accountability
- f) The overall impact on the current and future social, economic, environmental and cultural well-being of the community

| Activity Group     | Activity                           | ACTIVITY: What is the Community getting              | Rationale for service  | Community Outcome           | Period of benefit                                | Benefit   |  | Funding Mechanism Effective: 01 July 2015   |
|--------------------|------------------------------------|--|--|-----------------------------|--|---|--|---|
|                    |                                    |  |  |                             |  | General Benefits  | Private Benefits   |   |
| Governance         | Democracy                          | Elected Representatives                              | Statutory requirement Local Government Act 2002  | - All                       | Ongoing  | All can be involved in democratic representation                                | Inangahua community benefits through separate board of Four members plus two Councillors | <b>Operating:</b><br>100% General rates<br><b>Capital:</b><br>No capital spend  |
|                    |                                    |  | Local Electoral Act 2001 and regulations   |                             |  | Social cohesion and community focus   |  |   |
|                    |                                    | Community Planning and Consultation                  | The need for the Inangahua Community Board is created by the Inangahua Community   |                             |  | Liaison with central government   |  |   |
|                    |                                    |  | Governance Structure for effective leadership, advocacy and accountable stewardship of the Council's assets and resources  |                             |  | Equal access for all  |  |   |
| Community Services | Libraries                          | Library service                                      | Supports lifelong literacy and learning for different ages and needs. Council's provision of services allows all residents the opportunity for information, knowledge, recreation and leisure at a community facility. | - Learning<br>- Who we are  | Ongoing  | Library facilities are provided for the entire community and enhance wellbeing. | Individuals who directly benefit from the service taking out books                       | <b>Operating:</b><br>90-95% General rates<br>5-10% Fees<br>Land valuation<br><b>Capital:</b><br>Loans<br>Investments<br>Depreciation Reserves<br>Grants |
|                    |                                    | Information service                                  |  |                             | Long term:<br>Library books<br>Library buildings | Better informed and educated community  | Researchers  |   |
|                    |                                    |  |  |                             | Equal access to all                              |   |  |   |
| Community Services | Economic Development and Marketing | Grants<br>District Marketing<br>Economic Development | District Promotion and Marketing Agencies and Businesses<br>Economic Development   | - Prosperity<br>- Wellbeing | Ongoing  | Improved economic benefit of district   | Local business   | <b>Operating:</b><br>100% General rates<br><b>Capital:</b><br>Loan<br>Depreciation<br>Reserves  |

| Activity Group     | Activity              | ACTIVITY: What is the Community getting   | Rationale for service  | Community Outcome                   | Period of benefit | Benefit   |   | Funding Mechanism Effective: 01 July 2015  |
|--------------------|-----------------------|---|--|-------------------------------------|-------------------|---|---|--|
|                    |                       |   |  |                                     |                   | General Benefits  | Private Benefits  |  |
| Community Services | Museum Funding        | Museums   | Funding for Museums and Heritage operations.   | Wellbeing                           | Ongoing           | Preserves important cultural history.   | Community   | <b>Operating:</b><br>100% General rates<br><b>Capital:</b><br>Loan<br>Depreciation<br>Reserves |
|                    | Recreation Facilities | Swimming Pool at Reefton  | Users of facilities benefit from personal fitness and competition                    | Wellbeing<br>Learning<br>Who are we | Ongoing           | Community benefits in providing options for people to exercise and relieve the pressure on the health system                                    | Users of pool<br>Users of gym, pool and sports recreational facilities. | <b>Operating:</b><br>100% General rates<br><b>Capital:</b><br>Loans<br>Investments             |
|                    |                       | Community Centre at Reefton which provides an indoor community and sports venue, and gym facilities |  |                                     |                   | Community benefits in providing options for people to exercise and relieve the pressure on the health system.                                   |   |  |
|                    |                       | Solid Energy Centre in Westport, which provides gym, pool and sports facilities                     | The Solid Energy Centre can be used to attract regional and national sporting events |                                     |                   | Enhanced health and well-being of community.<br>Opportunities for recreation and leisure.<br>Controlled safe environment for younger community. |   |  |

| Activity Group      | Activity                          | ACTIVITY: What is the Community getting            | Rationale for service   | Community Outcome                | Period of benefit                          | Benefit  |   | Funding Mechanism Effective: 01 July 2015  |
|---------------------|-----------------------------------|--|---|----------------------------------|--|--|---|--|
|                     |                                   |  |   |                                  |  | General Benefits   | Private Benefits  |  |
| Community Services  | Theatre                           | Live performance                                   | Theatre groups who use the theatre for performances   | Wo are we                        | Ongoing                                    | Facility that can be used by all and enhances cultural well-being of district.   | Groups who need a venue for live performances.  | <b>Operating:</b><br>35-45% Fees - user pays<br>55-65% General rates<br>Land valuation<br><b>Capital:</b><br>Loans<br>Depreciation Reserves<br>Grants<br>Investments |
|                     | Movies                            | Movie goers  |   |                                  | Long Term:<br>- Theatre Venue              | Overall public benefit.  | Residents who want to watch movies.   |  |
|                     |                                   | School groups who use the theatre for performances |   |                                  |  |  |   |  |
|                     | Reefton Service Centre            | Council Services                                   | Reefton residents who require access to services  | Who are we                       | Ongoing<br>Long Term: - building           | Reefton residents and visitors to the area   | Individuals and businesses requiring information or transaction processing                          | <b>Operating:</b><br>100% General Rates<br><b>Capital:</b><br>Depreciation Reserves  |
| Reefton Post Office | Postal Services                   | Reefton residents who require access to services   | Who are we  | Ongoing<br>Long Term: - building | Reefton residents and visitors to the area | Individuals and businesses requiring postal agency information or transaction processing   | <b>Operating:</b><br>85-95% Fees<br>5-15% General rates<br><b>Capital:</b><br>Depreciation Reserves |  |
| Community Services  | Community Development and Support | Provision of grants                                | Volunteer organisations and individuals who want funding due to financial pressures   | Who we are Learning              | Ongoing                                    | Grants paid to organisations benefit the whole community through improved facilities and cultural opportunities                                  | Users of the services or facilities provided by grant recipients                                    | <b>Operating:</b><br>90-100% General rates<br>0-10% Grants<br><b>Capital:</b><br>No capital spend  |
|                     |                                   | Vision 2010 rural projects                         | Council recognises that our rural communities face particular challenges in continuing to provide community services and facilities to their local populations. The Vision 2010 projects are designed to support local community initiatives to improve community facilities and projects that benefit residents. | Prosperity<br>Who we are         | Ongoing                                    | The Vision 2010 projects are designed to support local community initiatives to improve community facilities and projects that benefit residents | Users of the community facilities   | <b>Operating:</b><br>100% General rates  |

| Activity Group                      | Activity                     | ACTIVITY: What is the Community getting   | Rationale for service   | Community Outcome       | Period of benefit                   | Benefit  |                                  | Funding Mechanism Effective: 01 July 2015   |
|-------------------------------------|------------------------------|---|---|-------------------------|-------------------------------------|--|----------------------------------|---|
|                                     |                              |   |   |                         |                                     | General Benefits   | Private Benefits                 |   |
| Regulatory Services                 | Resource Management Planning | District Plan - framework, regulation and control of subdivisions and land use. | Council administers the responsibilities imposed under the Resource Management Act (RMA) relating to the use of land, air and water. This function requires the administration of the operative District Plan. The RMA Act places specific statutory functions on territorial authorities to promote the sustainable development of natural and physical resources. | Sustainable environment | Ongoing<br>Long Term: District Plan | Entire district - Regulations Monitoring benefits<br><br>Contributes to the sustainable management and development of the district resources and of benefit to district as a whole | Applicants for Resource Consents | <b>Operating:</b><br>90% General Rates<br>10% Fees<br><b>Capital:</b><br>Depreciation Reserves<br>Loans |
|                                     | Resource Management Consents | Resource Consents   | Legislation - RMA   | Sustainable environment | Ongoing                             | Entire district - Regulations Monitoring benefits.   | Applicants for Resource Consents | <b>Operating:</b><br>100% Fees<br><b>Capital:</b><br>Depreciation Reserves<br>Loans                     |
|                                     |                              |   | Resource Consent Applicants   | Wellbeing               |                                     | There is also an element of benefit to the whole district by ensuring planning and development is done in a co-ordinated and not haphazard way.                                    |                                  |   |
| Monitoring enforcement of land use. |                              |   |   | Environment safeguards  |                                     |  |                                  |   |

| Activity Group                       | Activity              | ACTIVITY: What is the Community getting   | Rationale for service   | Community Outcome       | Period of benefit  | Benefit  |   | Funding Mechanism Effective: 01 July 2015   |
|--------------------------------------|-----------------------|---|---|-------------------------|--|--|---|---|
|                                      |                       |   |   |                         |  | General Benefits   | Private Benefits  |   |
| Regulatory Services                  | Building Control      | Building consents   | The Building Act 2004 places substantial statutory function requirements on territorial authorities. The activity ensures buildings meet the requirements of the New Zealand Building Code. | Prosperity<br>Wellbeing | Ongoing  | Benefit to the entire district of having buildings that comply with regulations. | Individuals who are building  | <b>Operating:</b><br>85-100% Fees<br>0-15% General Rates<br><b>Capital:</b><br>Depreciation Reserves<br>Loans |
|                                      |                       |   | To provide high quality safe solutions to the community for their building needs  |                         |  |  |   |   |
|                                      | Animal Control - Dogs | Dog licensing   | Legislation below requires territorial authorities to enforce certain statutory functions regarding dog control:<br>- Dog Control Act 1996<br>- Impounding Act 1955                         | Wellbeing               | Ongoing<br><br>Long Term:<br>Dog pounds  | Entire district:<br>- Complaint service<br>- Public safety                       | Those with dogs cause the problems.   | <b>Operating:</b><br>15% General rates<br>85% Fees<br><b>Capital:</b><br>Depreciation Reserves<br>Loans       |
|                                      |                       |   | Animal control activities promote public welfare and safety   |                         |  |  |   |   |
| Animal Control - Stock               | Stock control         | Legislation below requires territorial authorities to enforce certain statutory functions regarding stock control.<br>- Impounding Act 1955 | Wellbeing   | Ongoing                 | Entire district<br>- Complaint service<br>- Public safety  | Those with stock cause the problems  | <b>Operating:</b><br>70-80% General rates<br>20-30% Fees<br><b>Capital:</b><br>No capital spend |   |
|                                      |                       | Stock control activities promote public welfare and safety.   |   |                         |  |  |   |   |
| Environmental Health - Food Premises | Licensing of premises | Legislation<br>- Food Hygiene Regulations 1974<br>- Health Act 1956   | Wellbeing<br>Sustainable Environment  | Ongoing                 | Entire district benefits from health and safety in business meeting standards.   | Individuals who require certification of their businesses                        | <b>Operating:</b><br>75-80% Fees<br>20-25% General Rates<br><b>Capital:</b><br>No capital spend |   |
|                                      |                       | The activity ensures the enforcement of safety legislation to protect members of our community from potential risk.                         |   |                         | The community as a whole benefits through control of infectious diseases and monitoring of environmental standards. The community includes local residents and visitors to the district. |  |   |   |

| Activity Group      | Activity                                | ACTIVITY: What is the Community getting | Rationale for service   | Community Outcome | Period of benefit                    | Benefit  |   | Funding Mechanism Effective: 01 July 2015   |
|---------------------|---|---|---|-------------------|--------------------------------------|--|---|---|
|                     |   |   |   |                   |                                      | General Benefits   | Private Benefits  |   |
| Regulatory Services | Environmental Health - Liquor Licensing | Licensing of Premises                   | Sale and Supply of Alcohol Act 2012.  | Wellbeing         | Ongoing                              | Entire district - Regulated opening times / venues   | Individuals who require certification of their businesses | <b>Operating:</b><br>80-90% Fees<br>10-20% General rates<br><b>Capital:</b><br>No capital spend             |
|                     |   |   | Gambling Act 2003   |                   |                                      | Public health and safety   |   |   |
|                     |   |   | The activity ensures the enforcement of safety legislation to protect members of our community from potential harm.   |                   |                                      |  |   |   |
|                     | Environmental Health - Noise            | Noise complaints serviced               | This is driven by legislation via the Resource Management Act (RMA). People are not allowed to make 'excessive' noise and must ensure that noise from their property does not reach an 'unreasonable' level. Address nuisance activities.   | Wellbeing         | Ongoing                              | Health benefits from reduced noise levels  | Promotion of a pleasant environment for the community.    | <b>Operating:</b><br>90-95% General rates<br>5-10% Fees<br><b>Capital:</b><br>No capital spend              |
|                     | Environmental Services - Rural Fire     | Fires Attended                          | There is a requirement for this activity as per the Forest and Rural Fires Act (1977). It ensures public safety and ensures that there are adequate plans to respond to hazards, risks and emergencies. It also ensures that there are sufficient trained personnel and response measures in place during an emergency.   | Wellbeing         | Ongoing<br><br>Long Term: - vehicles | Entire district as fire is contained / prevented   | Individuals exposed to fire risk to safety and property   |   |
|                     | Training of locals                      |   |   |                   |                                      |  |   |   |
|                     | Rural fire fighting capability          |   |   |                   |                                      |  |   |   |
|                     | Emergency Services - Civil Defence      | Training of locals                      | This activity is fundamental to achieving community preparedness for emergencies. There is a requirement for this activity as per the Civil Defence and Emergency Act. It ensures public safety and ensures that there are adequate plans to respond to hazards, risks and emergencies. It also ensures that there are sufficient trained personnel and response measures in place during an emergency. | Wellbeing         | Ongoing                              | Provides certainty and assurance to public Council prepared to meet impact of natural disaster | Individuals requiring assistance during an emergency      | <b>Operating:</b><br>100% General rates<br><b>Capital:</b><br>Loans<br>Depreciation Reserves<br>Investments |
|                     |   | Civil Defence preparedness              |   |                   |                                      |  |   |   |

| Activity Group                            | Activity       | ACTIVITY: What is the Community getting | Rationale for service   | Community Outcome | Period of benefit                               | Benefit   |  | Funding Mechanism Effective: 01 July 2015   |
|---|----------------|---|---|-------------------|---|---|--|---|
|   |                |   |   |                   |   | General Benefits  | Private Benefits                       |   |
| Property Management, Amenities & Reserves | Reserves       | Parks                                   | Provides the community with recreation facilities and relaxation areas                                | Wellbeing         | Ongoing   | Use of parks is public  | Users of parks and reserves facilities | <b>Operating:</b><br>90-100% General rates<br>0-10% Fees<br><b>Capital:</b><br>Reserve Contributions<br>Loans<br>Depreciation Reserves<br>Investments |
|   |                | Sports grounds                          | Create a pleasant environment for the community.  |                   | Long Term:<br>- Land<br>- Playground Equipment  | Promotion of a pleasant environment for the community.                  |  |   |
|   |                | Reserves                                |   |                   | Beauty and image of Buller district is enhanced |   |  |   |
|   |                | Playgrounds                             |   |                   | Enhanced health and wellbeing                   |   |  |   |
|   |                | Beach areas                             |   |                   |   |   |  |   |
|   | Public Toilets | Toilet facilities                       | The provision of toilet facilities promotes the health and wellbeing of the district and environment. | Wellbeing         | Ongoing<br>Long Term: buildings                 | Public - non-exclusivity<br>Health and wellbeing of community           | Individuals using facilities           | <b>Operating:</b><br>100% General rates<br><b>Capital:</b><br>Loans<br>Depreciation Reserves<br>Investments   |
|   | Cemeteries     | Interment facilities                    | Burial and Cremation Act 1974   | Wellbeing         | Ongoing   | Community as a whole benefits from availability of interment facilities | Benefit for family of person interred  | <b>Operating:</b><br>80-85% General rates<br>15-20% Fees<br><b>Capital:</b><br>Loans<br>Depreciation Reserves<br>Investments                          |
|   |                | Cemetery reserve                        |   |                   | Long Term: land                                 | Availability of heritage records  |  |   |
|   |                | Records enquiry service                 |   |                   |   |   |  |   |



| Activity Group                            | Activity                 | ACTIVITY: What is the Community getting | Rationale for service   | Community Outcome           | Period of benefit                     | Benefit   |                              | Funding Mechanism Effective: 01 July 2015  |
|---|--------------------------|---|---|-----------------------------|---------------------------------------|---|------------------------------|--|
|   |                          |   |   |                             |                                       | General Benefits  | Private Benefits             |  |
| Property Management, Amenities & Reserves | Property - Community     | Community halls                         | Community and civic buildings provide for a diverse range of community activities   | Wellbeing<br>Who we are     | Ongoing<br><br>Long Term: buildings   | All benefit from public buildings   | Groups using halls           | <b>Operating:</b><br>90-100% General rates<br>0-10% Fees<br><b>Capital:</b><br>Loans<br>Depreciation Reserves<br>Investments |
|   | Elderly Persons Housing  | Housing for the Elderly                 | Provision of housing for the elderly assists our senior citizens to maintain their independence and remain in the community | Wellbeing<br>Who we are     | Ongoing<br>Long Term: buildings       | Retaining the elderly within the community which retains our social character and mix | Tenants renting              | <b>Operating:</b><br>100% Fees<br><b>Capital:</b><br>Loans<br>Depreciation Reserves<br>Investments                           |
|   | Property - Private       | Property Management of leased property  | Management of leased land assists in the effective maintenance of Council's assets and facilities                           | Who we are                  | Ongoing<br><br>Long Term: - buildings | All benefit from return on investment   | Leasehold tenants            | <b>Operating:</b><br>100% Fees<br><b>Capital:</b><br>Loans<br>Depreciation Reserves<br>Investments                           |
|   | Punakaiki Camping Ground | Holiday park accommodation for visitors | Provision of an area for both passive and active recreation and enjoyment   | Wellbeing<br><br>Who we are | Ongoing<br><br>Long Term: - buildings | All benefit from extra visitors and economic gain                                     | Customers using the facility | <b>Operating:</b><br>90-100% Fees<br>0-10% General rates<br><b>Capital:</b><br>Loans<br>Depreciation Reserves<br>Investments |

| Activity Group              | Activity                 | ACTIVITY: What is the Community getting | Rationale for service  | Community Outcome           | Period of benefit   | Benefit   |  | Funding Mechanism Effective: 01 July 2015  |
|-----------------------------|--------------------------|---|--|-----------------------------|---|---|--|--|
|                             |                          |   |  |                             |   | General Benefits                                      | Private Benefits                               |  |
| Roading & Urban Development | Roading                  | Roads                                   | Local Government Act 2002<br>Road Controlling Authority<br>This activity ensures property access and freedom of travel and supports the sustainability of the community. | Wellbeing<br><br>Prosperity | Ongoing<br><br>Long Term:<br>- road construction and renewals | Sustainability of the community                       | Individuals using the transport network        | <b>Operating:</b><br>37-39% General rates<br>61-63% NZTA Subsidy<br>100% NZTA Subsidy for special purpose roads.<br><b>Capital:</b><br>General rates<br>NZTA Subsidy<br>Investments<br>Loans |
|                             |                          | Street lighting                         |  |                             |   |   |  |  |
|                             |                          | Footpaths                               |  |                             |   |   |  |  |
|                             |                          | Car parking spaces                      |  |                             |   |   |  |  |
|                             | Urban Development        | Improving street and landscape in towns | More pleasant environment for our communities by use of planting, street treatment and decorative measures   | Who we are                  | Ongoing<br><br>Long Term: - landscaping                       | Promotion of a pleasant environment for the community | Improved environment to residents and tourists | <b>Operating:</b><br>100% General rates<br><b>Capital:</b><br>General rates<br>Loans<br>Investments  |
| Water Supplies              | Community Water Supplies | Supply of water                         | Community health, safety and development. Provision of water supplies is a core function of Local Government   | Wellbeing                   | Ongoing<br><br>Long Term:<br>- new schemes / renewals         | Supply of water for public toilets.                   | Residents able to be connected to supply.      | <b>Operating:</b><br>100% Targeted rates<br>Metered water charges for major users<br><b>Capital:</b><br>Targeted rate<br>Subsidies<br>Loans<br>Investments<br>Depreciation Reserves          |
|                             |                          |   |  |                             |   | Fire fighting supply.                                 |  |  |

| Activity Group | Activity  | ACTIVITY: What is the Community getting      | Rationale for service  | Community Outcome | Period of benefit | Benefit            |                                    | Funding Mechanism Effective: 01 July 2015   |
|----------------|---|--|--|-------------------|-------------------|--------------------|------------------------------------|---|
|                |   |  |  |                   |                   | General Benefits   | Private Benefits                   |   |
| Solid Waste    | Refuse Collection & Recycling, Litter and Landfill Operations | ZONE 1 - Westport                            | Necessary for the health and quality of life in the community. Ensure that refuse is managed and disposed of in an efficient and sustainable manner. | Wellbeing         | Ongoing           | Better environment | Those using collection the service | <b>Operating:</b><br>90-95% Targeted rates<br>5-10% Other Income (Fees and Charges)<br><b>Capital:</b><br>Loans<br>Depreciation Reserves<br>Investments |
|                |   | Provide waste management disposal facilities |  |                   |                   | Public health      |                                    |   |
|                |   | ZONE 2 - Karamea                             | Necessary for the health and quality of life in the community. Ensure that refuse is managed and disposed of in an efficient and sustainable manner. | Wellbeing         | Ongoing           | Better environment | Those using collection the service |   |
|                |   | Provide waste management disposal facilities |  |                   |                   | Public health      |                                    |   |

| Activity Group | Activity  | ACTIVITY: What is the Community getting                                    | Rationale for service  | Community Outcome | Period of benefit                  | Benefit   |   | Funding Mechanism Effective: 01 July 2015  |
|----------------|---|--|--|-------------------|------------------------------------|---|---|--|
|                |   |  |  |                   |                                    | General Benefits                                | Private Benefits                              |  |
| Solid Waste    | Refuse Collection & Recycling, Little and Landfill Operations | <p>ZONE 3 - Maruia</p> <p>Provide waste management disposal facilities</p> | Necessary for the health and quality of life in the community. Ensure that refuse is managed and disposed of in an efficient and sustainable manner. | Wellbeing         | Ongoing                            | <p>Better environment</p> <p>Public health</p>  | Those using collection the service            | <p><b>Operating:</b></p> <p>90-100% Targeted rates</p> <p>0-10% Fees and Charges</p> <p><b>Capital:</b></p> <p>Loans</p> <p>Depreciation Reserves</p> <p>Investments</p> |
|                | Landfill Operation  | Landfill development and monitoring  | Ensure that capacity exists for residual waste and recycling if it cannot be disposed at the Nelson facility.  | Wellbeing         | Ongoing                            | Community facilities for rubbish disposal.      | Residents able to dispose of unwanted rubbish | <p><b>Operating:</b></p> <p>100% General rates</p> <p><b>Capital:</b></p> <p>Loans</p> <p>Depreciation Reserves</p> <p>Investments</p>                                   |
|                |   | Close landfills, monitor and rehabilitate                                  | Ensure that refuse is managed and disposed of in an efficient and sustainable manner that maintains the districts natural and aesthetic values       | Wellbeing         | Long Term<br>- Buildings<br>- Land | <p>Better environment.</p> <p>Public health</p> |   |  |
|                | Litter  | Litter collection  | Necessary for health and quality of life in communities, and disposed of in an efficient manner  | Wellbeing         | Ongoing                            |   |   |  |

| Activity Group        | Activity            | ACTIVITY: What is the Community getting             | Rationale for service   | Community Outcome | Period of benefit                              | Benefit                          |  | Funding Mechanism Effective: 01 July 2015  |
|-----------------------|---------------------|---|---|-------------------|--|----------------------------------|--|--|
|                       |                     |   |   |                   |  | General Benefits                 | Private Benefits   |  |
| Wastewater/Stormwater | Sewerage            | Disposal of sewerage                                | Necessary for health and quality of life in the community   | Wellbeing         | Ongoing  | Community health and wellbeing   | Residents able to be connected to sewer                          | <b>Operating:</b><br>100% Targeted rates<br>Trade waste Fees<br><b>Capital:</b><br>Depreciation Reserves<br>Investments<br>Loans |
|                       |                     | Disposal of trade waste                             |   |                   | Long Term<br>- New schemes / renewals          | Maintains sanitation             | Those disposing of trade water                                   |  |
| Wastewater/Stormwater | Stormwater          | Collect and transport land drainage from property   | Protection of property<br><br>Health and safety as it reduces danger from flooding                          | Wellbeing         | Ongoing  | Public health benefit            | Urban properties benefit due to density of roading and footpaths | <b>Operating:</b><br>100% General rates<br><b>Capital:</b><br>Loans  |
|                       |                     |   |   |                   | Long Term<br>- New schemes / renewals          | Continuity of access to property |  |  |
|                       |                     |   |   |                   |  |                                  | Open drains in rural area  |  |
| Support Services      | Corporate Services  | General staff and administration services           | Implement and support of all Council activities   | All               | Ongoing<br><br>Long Term<br>- Office Equipment | Benefits community at large      |  | Overheads reallocated to other departments.<br><b>Capital:</b><br>Depreciation Reserves<br>Loans<br>Investments                  |
|                       | Information Systems | Computer systems<br><br>Tele-communication networks | Availability of information and systems to support all Council activities and enable sound decision making. | All               | Ongoing<br><br>Long Term<br>- Computer systems | Benefits community at large      | Individuals accessing databases and information                  | Overheads reallocated to other departments.<br><b>Capital:</b><br>Depreciation Reserves<br>Loans<br>Investments                  |

| Activity Group                 | Activity         | ACTIVITY: What is the Community getting | Rationale for service   | Community Outcome | Period of benefit                                 | Benefit  |                                       | Funding Mechanism Effective: 01 July 2015   |
|--------------------------------|------------------|---|---|-------------------|---|--|---------------------------------------|---|
|                                |                  |   |   |                   |   | General Benefits                                     | Private Benefits                      |   |
| In-House Professional Services |                  | Engineering Services                    | Council access to engineering services on a cost effective basis. | All               | Ongoing   | Benefits community at large                          |                                       | Overheads Internal charges reallocated to other departments<br><b>Capital:</b><br>Depreciation Reserves<br>Loans<br>Investments                                       |
| Airport                        | Westport Airport | Airport Services                        | Public Transportation   | Prosperity        | Ongoing<br><br>Long Term<br>- Buildings<br>- Land | Economic benefit to all<br>Social and heritage value | Commercial / individual users benefit | <b>Operating:</b><br>100% Fees<br>50% Funded by Crown<br>Remainder from General rates<br><b>Capital:</b><br>Loans<br>Depreciation Reserves<br>50% funded by the Crown |

## Ratepayers are currently rated on a system that uses Land Values as the basis for General Rates

**User charges** are used for those services where there is a benefit to an individual. If it is possible to efficiently impose a charge the Council does so, on the basis of either recovering the full cost of the service or a rate that the market will pay. The market rate can limit the potential for charging in circumstances where the Council believes that a charge set too high will adversely reduce use.

**General rates** are used to fund those services where the council believes there is a public benefit even though it may not be to the whole community. It typically funds “public goods” for which there is no practical method for charging individual users as the benefit is wider than just specific users. General rates fund a range of services which are used by individual ratepayers to varying extents. The council uses the general rate rather than a number of targeted rates in order to achieve a simpler rating structure. That simpler structure makes it easier for ratepayers to understand how they are being rated and it is also simpler and cheaper to administer. Rates are regarded as a tax which funds the collective community benefit rather than be any form of proxy for use of a service. Differentials are only used to ensure that other rates mechanisms do not alter the incidence in rates between the major rate payer groups

**Targeted rates** are also used to fund community benefits and wider public goods. A targeted rate means a rate to be used exclusively to pay for that operating expense. It is used in circumstances where the council believes that the benefits from the services are such that the principles of a general rate approach (noted above) are not sufficient and that they should be targeted to a particular beneficiaries group. It is also used where the council considers that the level of charge is outside council’s control and the extent of the rate should be clear to the community.

**Grants and subsidies** are used where they are available.

**Borrowing** is not generally used to fund operating expenses, but is used as a tool to smooth out major lumps in the capital replacement and acquisitions programme. The council may choose to borrow for an operating expense to give a grant to a community organisation that is building a community facility.

**Income from dividends, interest and net rental income** is used to offset the cost of provision of other services. Income from interest and dividends is included as revenue in the investments and governance activity. This revenue is utilised to reduce Council’s general rates income stream.. Income from rental of property is applied to the activity which is the primary user of a facility, if the property does not have a primary use but is held for commercial or strategic purposes the rental is included investments and governance activity, and is applied to general purposes.

**Licence fees** are charged where they are available as a mechanism. They are set as for user charges but may have constraints on the level of the fee. These constraints are established under various legislation.

**Enforcement fees** are charged when possible. The purpose of the fee is to promote compliance rather than to raise revenue, at times enforcement fees will recover the full cost and at other times it will not depending on the level of compliance and also the extent to which the charges are limited by statute or the courts.

## Funding of Capital

**Rates** in all forms will be used to fund an ongoing replacement programme and may be used to fund a portion of capital acquisition work. This will be balanced against the affordability for the current ratepayers and the extent to which a capital replacement or acquisitions programme is even over the period of the plan. Over the period of the plan the council will get to the point where asset renewals are being met from operating revenue, and also a contribution is being made to levels of service and growth capital.

**Borrowing** will be applied to capital works subject to the preceding statement on the use of rates. The council views debt as a smoothing mechanism and a means of achieving equity between time periods, however the council does not have an unlimited capacity to borrow and the community does not have unlimited capacity to service those loans into the future. Therefore, the council adopts a prudent approach to debt and its capital programme to ensure that the burden of debt and the interest cost does not place an impossible burden on the community. In doing so the council is conscious of its peak debt and its ongoing funding stream for debt servicing and work programme.

In the early years of the plan the council is borrowing to fund asset renewals. This is being done to achieve a balance between the level of rates rises and the sustainability of service levels. In the later years of the plan the council achieves sustainable funding and borrows for part of the level of service and growth capital works. This is outlined in the Funding Impact Statement (**page 139**).

**Proceeds from asset sales** may be used to fund capital works or repay debt. The preferred option will be for debt repayment with any new works funded from new debt draw down. This method is favoured due to its transparency and the neutral effect it has on rating. There is no major planned asset sales programme over the period of this plan, but assets which are no longer required for strategic or operational purposes may be sold.