



# Changes to Council's policies

Combined consultation document incorporating:

*Proposed revenue and financing policy*

*Proposed rate remission and postponement policy*

*Proposed significance and engagement policy*

April 2024

## Introduction

Council is consulting on its review of the following three policies:

1. Revenue and financing policy
2. Rate remission and postponement policy
3. Significance and engagement policy

This document details the proposed changes for each policy.

We are seeking feedback on the policies in general as well as the specific changes being proposed. The key thing is that we want to hear from you and understand whether you support our proposed approach or would like us to make changes.

We recommend that before completing a submission form you familiarise yourself with the draft policies and the supporting information, which summarises the policies and proposed changes. These can be found in this consultation document or online at our consultation website [www.makeitstick.nz](http://www.makeitstick.nz) or in any local Southland District Council office. Feedback can be provided online at [makeitstick.nz](http://makeitstick.nz), but if you prefer to complete a form manually please do so on the form at the end of this document. If you have any supporting documents you would like to add, please feel free to attach them to your feedback and send it to us via:

- email ([sdcsouthlanddc.govt.nz](mailto:sdcsouthlanddc.govt.nz)), or
- post (Southland District Council, PO Box 903, Invercargill 9840) or
- drop into a Council office, or
- complete the submission form online at [www.makeitstick.nz](http://www.makeitstick.nz).

**We're taking feedback from 8am on 19 April 2024 to 5pm on 20 May 2024.**

If you would like to speak to Council personally about your submission, let us know. Meetings to hear and consider your feedback will be held in Invercargill on 5 June 2024.

Your feedback will be considered by Council and a decision will be made regarding the adoption of the final policies on 19 June 2024. We will let you know the outcome.

In the meantime, if you have any questions or need more information, please email [sdcsouthlanddc.govt.nz](mailto:sdcsouthlanddc.govt.nz) or phone 0800732732.

### What you'll find in this document?

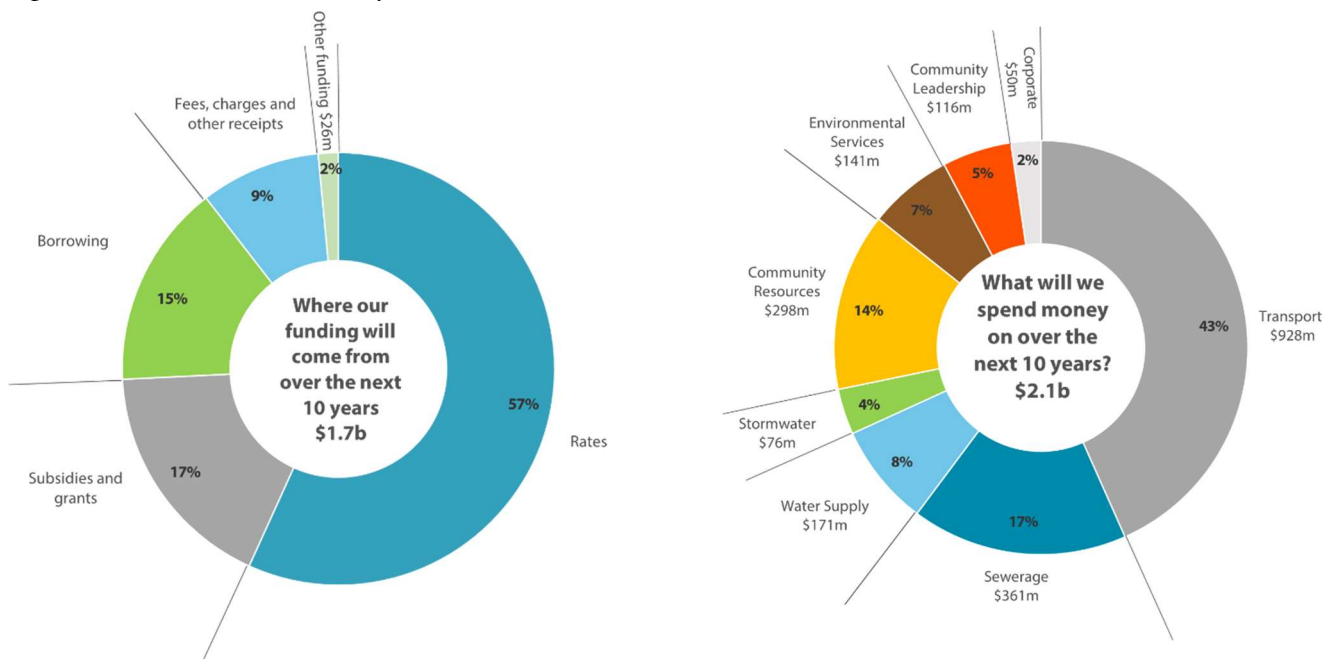
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**Proposed policies feedback form**

## 1. Proposed revenue and financing policy

The Revenue and Financing Policy is part of the three yearly review of our Long Term Plan (LTP) 2024-2034. This policy is required under the Local Government Act 2002 (LGA) to provide predictability and certainty about Council's sources and levels of funding for operating and capital expenditure.

The policy determines how Council will fund the activities set out in the LTP 2034. Council funding comes in several forms, including rates, fees and charges for people using particular services (e.g. building consents and dog registration fees), loans, and central government funding (including roading subsidies). It identifies all of the proposed funding sources for these activities including any general rate funding (including details of how general rates will be set) and any targeted rate funding. The cost of each activity and therefore the total amount of funding needed is determined separately in the LTP. This is due to be released for consultation on 22 May 2024. The LTP 2034 also sets out how targeted rates will be applied and any changes proposed to these. The graphs below give an indication of the likely funding sources and expenditure over the next ten years based on the draft LTP 2034.



**Council has reviewed the policy and is proposing to keep most of the funding sources and rating methods unchanged.** The main changes are to the wording and structure of the policy as well as reflecting the new legal requirement to consider how the funding choices can consider the principles set out in the Preamble to Te Ture Whenua Māori Act 1993 to support Māori to retain and use their land and to protect wāhi tapu.

In addition, Council is considering using general rates (which everyone pays) to fund some or all of the shortfall in operating costs for the Te Anau airport – Manapouri. Because Council will be asking for feedback about this as part of the upcoming LTP consultation, the draft policy shows all of the airport funding options being considered. Council will update the policy to match the selected option following the LTP consultation once this decision has been made.

The list in the box below summarises the proposed targeted rating changes that Council is considering as part of the upcoming LTP consultation. More details of these proposals will be available once the LTP is out for consultation on 22 May 2024 and readers are also invited to provide feedback on these changes.

**What targeted rate changes is Council likely to be consulting on in the LTP 2034?**

1. Using general rates to pay for all or part of the operating costs of the Te Anau airport – Manapouri
2. Updating the targeted roading rate differential to ensure that land use sectors that have a greater impact on the roading network continue to pay an appropriate share of higher roading costs and moving non-commercial protected and indigenous forestry land from the “forestry” differential category to the “other” category
3. Replacing the Stewart Island/Rakiura SIESA half charge with a full charge rate
4. Reallocating the 7.7 unit charge for the Te Anau Rural water supply rates to annual, full and half charge rates
5. Amending hall rating boundaries for Tokanui, Waimahaka, Wrights Bush and Waianiwa halls

To keep up to date with the LTP 34 consultation look out for a copy of the LTP 34 consultation document on Council's consultation platform [www.makeitstick.nz](http://www.makeitstick.nz) or facebook site between 22 May 2024 to 21 June 2024.

**Proposed changes to operational funding sources**

The table below shows the indicative share of funding from each funding source used to fund operating expenditure for LTP activity groups and associated activities/sub activities. The highlighted entries show where the funding source bands are proposed to change from the previous policy with the reasons for the changes described in more detail below. The full policy explains the thinking behind these funding band decisions.

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

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

\* Non-direct corporate overhead costs (for corporate functions like information management, people and capability, finance and customer service) are allocated at the activity group\* level only (grey shading). These costs are largely funded by general rates.

<b>Funding band key:</b>	Low (<33%)	Medium (33% to ≤ 66%)	High (>66%)
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**Commented [PC1]:** A) change toilet “other sources” funding to Low to allow for potential grant funding

**Commented [PC2]:** B) change cemeteries “fees and charges” funding to Medium from Low

**Commented [PC3]:** C) Showing the options around the mix of general and targeted rate funding for the Te Anau airport – Manapouri to be consulted on as part of the LTP later in 2024

**Commented [PC4]:** D) Change water facilities (covering Stewart Island/ Rakiura Jetties, Riverton Harbour and district boat ramps) funding from “targeted rates” Low to High; “fees and charges” from High to Low and “other sources” from Low to High.

**Commented [PC5]:** E) Change community and futures “targeted rates” from Low to no funding and decreasing community assistance “general rates” from Medium to Low.

**Commented [PC6]:** F) Change environmental health “fees and charges” from Medium to Low.

**Commented [PC7]:** G) Change emergency management “other sources” funding to Low to allow for potential external subsidy funding

## Explaining the proposed changes to operational funding sources as shown

- A) Toilet “other sources” funding to from zero to Low. This change is to allow for other external third party funding e.g. grants
- B) Cemeteries “fees and charges” funding to Medium from Low. This change reflects the proposed increase fees and charges for cemetery interments as a result of increases in the direct cost of works related to burials
- C) Airport mix of options for “general rate” and “targeted rate” funding to be consulted on as part of the LTP later in 2024. As noted above, Council is considering using general rates to fund some or all of the shortfall in operating costs for the Te Anau airport – Manapouri as part of the LTP consultation. Until a decision is made on this, the draft policy shows all of the airport funding options being considered including retaining the current policy allowance of “low” band (up to 33%) to either 50% indicated by “medium” band (33% to <66%) or 100% indicated by “high” band (66% and above). More information will be included in the upcoming LTP consultation document and can also be found in the Council agenda papers for 22 November 2023 and Fiordland Community Board agenda 30 October 2023 available online at [www.southland.infocouncil.biz](http://www.southland.infocouncil.biz)
- D) Water facilities (covering Stewart Island/ Rakiura Jetties, Riverton Harbour and district boat ramps)
- “targeted rates” funding from Low to High;
  - “fees and charges” from High to Low;
  - “other sources” from Low to High.
- The latter two changes to fees and charges and other sources are related and are because income from rental fees for wharf/jetty users are now included in other sources of funding rather than fees and charges. This has resulted in the policy showing a decrease in fee funding (high to low). In terms of the change in targeted rate funding, the LTP also includes a number of loan funded capital expenditure projects for wharf and jetty renewals in Stewart Island/Rakiura and Riverton where the interest and principal repayments are currently budgeted to be repaid by targeted rates and/or user fees. This need to fund the repayment of loans has increased the targeted rate funding source (low to high). While alternative funding sources are being pursued to complete the capital programme there is an expectation that loans (and higher targeted rates) might not be required. Given this, the policy funding bands reflect the current LTP budgets excluding any additional grants that may be secured.
- E) Community and futures “targeted rate” funding from Low to no funding and decreasing community assistance “general rate” funding from Medium to Low. This change is the result of community board granting activities now being included in the community grant activity rather than community and futures to be consistent with how all other granting activities are disclosed. This has reduced the proportion of targeted rate funding for community and futures and resulted in a decrease in the proportion of general rate funding for the community assistance sub activity.
- F) Change environmental health “fees and charges” funding from Medium to Low. While a 2% inflationary increase is included in the fees for this service in the upcoming LTP, changes in the organisational structure and resulting allocation of overhead costs has increased the general rate funding required for this activity over and above the inflationary increase allowed for in fees and charges. This has adjusted the proportion of funding from the two sources.
- G) Emergency management “other sources” funding from zero to Low. This change is to allow for other external third party funding e.g. grants.

## Other changes to the policy structure and wording

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

- inclusion of a policy background section which covers what the legislation requires when choosing activity funding sources
- specifically referring to the Stewart Island Visitor Levy revenue as a grant/subsidy source of funding to reflect that the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012 identifies the levies as an additional source of funding for the Revenue and Financing Policy under s 103(2) of the LGA
- describing in more detail Council's approach to depreciation funding which is used to fund operating expenses and work towards maintaining a balanced budget in section 3.2 of the policy. The policy notes the proposed extended timeline for funding depreciation on water and wastewater assets given the significant increase in the value of these assets in the LTP 2034 and resulting impact on rates. Council is still to confirm the timeline to when it will fully fund depreciation on water and wastewater assets as part of the LTP
- updating the activity funding needs analysis in section 3.2.2 of the policy to consider funding sources in relation to Council's new LTP 2034 community outcomes
- specifically noting how Council has provided the ability to make funding refinements after considering the overall impact on the current and future social, economic, environmental and cultural wellbeing of the community. This is discussed in the policy overall in section 3.1 and by sub-activity through the funding choice assessment rationale in section 3.2.2.

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

### Confirming how the general rate will be set

Because the policy identifies that Council intends to use general rates as a source of funding, the policy must also identify Council's proposed choice of valuation system (land, capital or annual value) including the details of any differentials to be applied and whether there is an intention to set a uniform annual general charge (UAGC). The UAGC is a fixed amount levied on each rating unit.

Currently Council sets the value based portion of its general rate using capital value with no differentials. 55% of the general rate is collected using capital value (with no differential) with the remaining 45% collected through the UAGC.

The potential impact of changing to land value, introducing general differentials or adjusting the proportion of funding from CV and UAGC has been considered as part of the policy and associated LTP development. However, the policy proposes to retain capital value with no differentials as it provides the best mechanism for creating a stable and resilient rate base over time, particularly considering the potential impact that the LTP budget changes proposed for 2024/2025 are expected to have on the overall distribution of rates.

The policy does leave room to adjust the portion of general rates set on CV and UAGC where Council wants to alter the overall distribution of rates (via the LTP or Annual Plan). This might be to lower the UAGC to reduce rates on low value properties or lowering the CV portion which reduces rates on high value properties. This decision is still to be confirmed by Council as part of finalising the LTP 2034.

### **Other changes considered but not progressed**

#### *Increasing user fees for environmental services (including consenting activities)*

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

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

## 2. Proposed rate remission and postponement policy

The Rate Remission and Postponement Policy specifies the circumstances where the Council will consider remitting (reducing) or postponing (delaying) rates.

### Rate remission

**(a reduction in the amount of rates to be paid)**

Typically used to:

- simplify/support administration of the rating system
- ease/shift changes in incidence of rates
- support policy objectives (e.g. worthy causes like sports/cultural groups)
- allow discretion when the unexpected happens

### Rate postponement

**(a delay in the payment of rates)**

Typically used to assist those in hardship (temporary)

*Rate remissions or postponements do not reduce the overall amount of rates Council needs to collect. If we provide a rate remission to a certain ratepayer or property, then we will need to charge other ratepayers or properties more so we still have the funding needed to pay for all of the services that we provide.*

Remission and postponement policies temper the broad-brush rating approach of Council by recognising particular situations which impact the owners' ability to pay rates, the fairness or equity of the rating system or particular outcomes or obligations that Council wishes to influence (e.g., environmental, cultural, social, economic wellbeing). The policy allows for adjustments to rates at an individual property level which cannot be effectively or efficiently incorporated into the rating system. This is one way that Council can practically adjust its overall funding and rating approach after considering the overall impact of its funding decisions on the community under the Local Government Act 2002 (section 101(3)(b)).

Council has two remission and postponement of rates policies – one that applies to all land one (this is what we are consulting on) and one that applies to Māori Freehold land only. Council will be reviewing the second policy in 2025.

Council has reviewed the remission policy for all land and is proposing to keep the majority of the policy unchanged with two new remissions being added as follows:

- remission for water meter rates attributable to water leaks to incentivise leak detection and resolution. This remission will only apply to land which has a water meter installed and is designed to be used where water usage is high due to a water leak or there has been damage to the property's internal water reticulation system which the ratepayer was unaware of. To apply for remission the ratepayer must meet a number of criteria as outlined in the policy.
- remission of rates for non-contiguous rural properties using Crown or Council land to be treated as one unit for rating purposes.

This remission would be used for a small number of farm or forestry properties which lease land from Council or the Crown (mainly Department of Conservation Land) and use this as part of a single farm/forestry unit.

The proposal is to rate these the same as a rating unit in common ownership under section 20 Local Government Rating Act (LGRA) where full rates (fixed and capital value rates) are applied to one rating unit with only capital value rates applied on the contiguous unit.

This will mean ratepayers using Crown or Council land receive the same relief as ratepayers who own more than one rating unit which is contiguous and used jointly.

The proposed change is being made on the basis that Crown/Council land is likely to have restrictions preventing the sale of this land that would otherwise allow the ratepayer to purchase the property to achieve contiguous status under the rating act.

Several changes are also being made to the structure and wording of the policy to provide additional context around the purpose of the policy and how it relates to Council's funding and rating policies and



legislative requirements. This includes adding an introduction and statutory context section to explain what role the policy plays in Council's overall financial management by providing the ability to adjust rates funding sources identified in the Revenue and Financing Policy as part of considering the impact of rates on the current and future wellbeing of the community ss.101(3). The policy also includes specific reference to the new legal requirement for Council to consider the principles set out in the Preamble to Te Ture Whenua Māori Act 1993 to support Māori to retain and use their land and to protect wāhi tapu. While Council is not looking to introduce any new remissions or postponements in relation to this at this time, Council is proposing to make some related changes to the roading rate as part of its Long Term Plan 2024 that would move non-commercial protected and indigenous forestry land (often Māori SILNA<sup>1</sup> land) from the "forestry" differential category to the "other" category. More detail about this proposal will be available once the LTP is out for consultation from 22 May 2024 and readers will be invited to provide feedback on these changes.

The table below summarises the current and proposed provisions within the proposed policy with the highlights showing the new provisions.

Policy part	Existing	Action
Remission of penalties	Existing	Keep – no change
Remission of small balances	Existing	Keep – no change
Remission of rates for community, sporting and other non-profit organisations	Existing	Keep – no change
Remission of rates for school wastewater charges	Existing	Keep – no change
Remission of roading rates on other utilities with no primary address	Existing	Keep – no change
Remission of rubbish or recycling bin collection rates for cancellation/reduction of service	Existing	Keep – no change
Remission of rates in exceptional circumstances	Existing	Keep – no change
Remission of rates for extreme financial hardship	Existing	Keep – no change
Remission of rates for significant extraordinary circumstances identified by Council	Existing	Keep – no change
Grants in lieu of remissions of rates	Existing	Keep – no change
Remission of water meter rates attributable to water leaks	No	New policy
Remission of rates on non-contiguous rural properties using Crown or Council land	No	New policy
Postponement of rates for extreme financial hardship	Existing	Keep – no change
Postponement for Significant Extraordinary Circumstances	Existing	Keep – no change

Further information about the proposed changes (as well as other options Council considered but decided not to proceed with) can be found in the Finance and Assurance Committee meeting agenda for 6 December 2023 at [www.southland.infocouncil.biz](http://www.southland.infocouncil.biz).

<sup>1</sup> SILNA - South Island Landless Natives Act 1906

### 3. Proposed significance and engagement policy

The Significance and Engagement Policy is required under the Local Government Act 2002, to ensure councils identify what are significant decisions and what part engagement will play in those decisions. Council has developed and reviewed this policy alongside the long term plan.

Staff have reviewed the present policy and considered how to identify matters as significant and the reasons for that, so then engagement can be decided on.

The main changes from our old policy to this new draft policy are:

1. introducing a set of questions to assess how significant a matter is, including ones on the impact on Māori, and the effect of climate change
2. focusing the significance criteria assessment on the nature of the impact rather than the quantum of the impact
3. creating categories of significance and explaining what they mean and how they relate to the level of engagement
4. enlarging the section on engaging with iwi/hapū

In terms of the quantum of change, the draft policy has a number of material changes from the previous one, mainly in the use of questions to assess the significance of the matter and tables to link significance with engagement. Significance is defined as the degree of importance of the issue in terms of its impact on the wellbeing of the district, affected or interested persons, and the capacity of Council to perform its role (including financial and non-financial costs).

The use of the tables to show the interaction between the levels of significance and engagement provide staff, elected members and the public a clearer way to understand the different processes.

The other matter required to be part of this policy is the identification of Council's strategic assets. There is no change to this list.

## Proposed policies feedback form

1. NAME AND CONTACT INFORMATION	
<p>Are you submitting as an individual or organisation?</p> <p><input type="checkbox"/> Organisation      <input type="checkbox"/> Individual</p>	
Name:	On behalf of (if applicable):
Postal address:	
Address 2:	
City/Town:	Postal Code:
Email address:	
Daytime phone:	Mobile phone:
<p>Would you like to present to feedback in person at the hearing scheduled for 5 June 2024? <i>If so we will in touch to arrange a time</i></p> <p><input type="checkbox"/> Yes   <input type="checkbox"/> No</p>	
<p>If you have any supporting documents you would like to add, please feel free to attach them to this form and send your completed form to us via:</p> <ul style="list-style-type: none"> <li>- email <a href="mailto:sdcc@southlanddc.govt.nz">sdcc@southlanddc.govt.nz</a>), or</li> <li>- post (Southland District Council, PO Box 903, Invercargill 9840) or</li> <li>- drop into a Council office.</li> </ul>	
<p><b>Privacy</b></p> <p>Southland District Council, 15 Forth St. Invercargill, is collecting and will hold your personal information for the purpose of you providing your feedback to us on the proposed Revenue and Financing Policy 2024, proposed Rate Remission and Postponement Policy 2024 and Proposed Significance and Engagement Policy 2024. To complete the feedback form we need your name and contact details and for you to agree to our policy found here: <a href="#">Southland District Council Privacy Policy</a></p> <p>You can ask for a copy of any personal information we hold about you, and to ask for it to be corrected if you think it is wrong.</p> <p>Feedback you provide to us will be disclosed in full as part of feedback provided to Councillors and the public, on our websites, in agendas and in our area offices. You can also request us not to release your personal details publicly.</p> <p>By checking this box you confirm you agree and consent to the collection, use, disclosure and retention of your information in accordance with the <a href="#">Southland District Council Privacy Policy</a>.</p> <p>Agree</p>	

**Thank you for your feedback.**  
**Feedback closes at 5pm on 20 May 2024**







C. PROPOSED SIGNIFICANCE AND ENGAGEMENT POLICY	YES	NO
9. Do you generally support the proposed significance and engagement policy?	<input type="checkbox"/>	<input type="checkbox"/>
Please provide any comments to explain your response below.		
10. Would you like Council to make any changes to the proposed significance and engagement policy?		
	<input type="checkbox"/>	<input type="checkbox"/>
If yes, please detail the changes in the space provided below.		
11. If you have any other comments on the proposed significance and engagement policy, please detail here.		