



Funding and Rating Review

Supporting information for the review of the
Revenue and Financing Policy and Council's approach to rating

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Rates figures used in workings and examples

All rate values in this document are 2020/21 values, unless otherwise stated. The proposed rating system changes are applied to these amounts to show the comparable impact from the current approach. Any changes to the rating system will be introduced as part of the Long Term Plan 2031 (LTP) 2031. This will also incorporate any changes to the rates that result from the review of the LTP 2031 budgets.

Additional Information (available on www.makeitstick.nz)

Proposed Draft Revenue and Financing Policy

Current Revenue and Financing Policy

Proposed Rating Boundaries – Community Board Rates and Stormwater Rates

Notes on “Local” activity benefits from community board workshops

Introduction

Council has a range of income sources that are used to fund assets and deliver services for the Southland District community.

Earlier this year Council began a review of its Revenue and Financing Policy (which determines how our activities will be funded) as well as its rating system. The review looked at what sources of funding will be used to fund the operating and capital expenditure for each activity and how the rates requirement (the total amount of rates that we collect) is spread across the District's ratepayers.

As part of the consultation on the policy, we're asking people to consider several proposals to change how some of our activities are funded and, in particular, the way we rate for some activities.

The key changes proposed are to:

- establish nine **local targeted community board rates (with a differential for urban, semi-urban and rural areas)** to collect rates from all properties within the new community board areas for local activities including parks, playgrounds, footpaths, streetlights and streetscapes instead of the current Community Board, Community Development Area and Ward rates.
- establish a new **district-wide targeted rate for stormwater** that all properties pay (**with a differential for serviced and unserved areas**) to fund stormwater costs instead of using local targeted rates (previous Community Board or Community Development Area rates)
- collect rates funding for **local representation, cemeteries and litter bins** from the **district-wide general rate** that all properties pay instead of using local targeted rates (previous Community Board or Community Development Area rates)
- collect a portion of the costs of **Stewart Island/Rakiura jetties** from the **local targeted community board rate** and **district-wide general rate** in addition to user fees and grant funding
- collect a portion of the costs of the **Stewart Island Electricity Supply Authority (SIESA)** from a new **local targeted rate** on properties in Stewart Island/Rakiura in addition to fees to consumers (fixed monthly charge and consumption charges)
- collect a portion of the costs of the **Te Anau Airport Manapouri** from the **district-wide general rate** that all properties pay in addition to the existing separate airport rate paid for by properties in Fiordland and fees collected from airport users.

We want to know whether you think these changes should be made or not. This would not change the total amount of rates we collect – just how the amount is shared out among ratepayers.

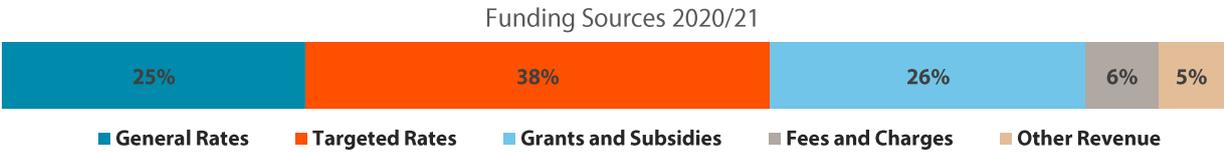
Consultation on the amount of rates Council collects will be carried out as part of the Long Term Plan (LTP) 2031 in the first half of 2021.

The following pages provide more background information on what is proposed. If you want to let us know your thoughts head to www.makeitstick.nz to provide your feedback.

What we do now and what is changing and why?

Our current funding

Just under two thirds of the money needed to provide Council services comes from the local community as rates (with the rest from sources like fees, charges and subsidies).



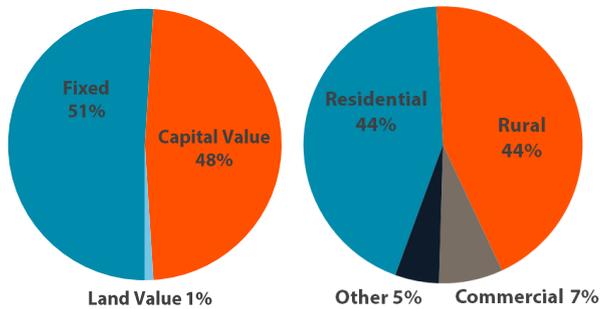
In 2020/2021 we budgeted to collect \$49.6 million in rates. Our rating system sets out how we allocate the total rates among the District’s ratepayers.

The rating system is created using a variety of mechanisms, and shares the rates requirement among the District’s 19,000 ratepayers from the residential, commercial, industrial and rural sectors.

When we are setting rates, we can choose from a range of charging mechanisms set in the Local Government Rating Act (LGRA). Our rating system is made up of two main elements that add together to make up your total rates bill – the general rate (paid by all properties across the District) and targeted rates (paid by some properties based on the area that they are in or the services that they receive). Each mechanism is either a fixed charge (which doesn’t vary according to property value), a charge based on a property’s land or capital value or a variable charge which is based on consumption (like water usage).

Council may also use differentials to adjust the amount that different sectors or groups of ratepayers pay for each of these mechanisms. These are generally used to reflect differences in the benefit received by certain groups or to direct a greater share of the costs onto groups that create a need for the activity.

Fixed charges account for 51% of the rates collected currently, with capital value charges at 48% and land value at 1%. Our rates are shared across all properties in the District. The majority of our rate income comes from residential and rural properties which account for 90% of the 19,000 properties in the District.



In the proposals outlined, we are indicating that we will no longer use land value charges once we remove the four existing targeted ward rates (which are currently set on all properties in a ward) and replace these with nine new targeted community board rates.

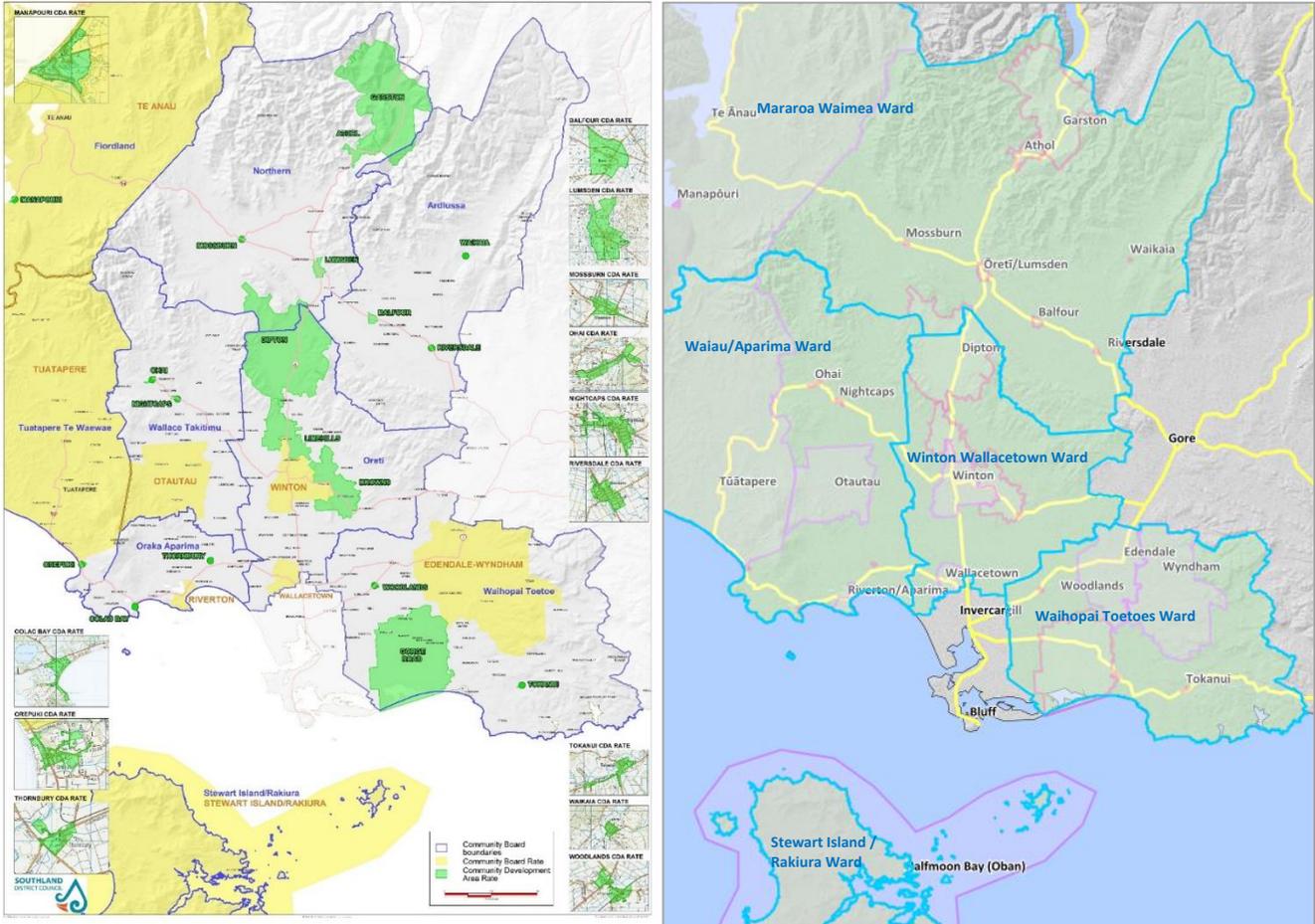
What’s changing?

When we reviewed our Revenue and Financing Policy we found that by and large, the way that we fund most of our activities looked okay. We have made a few changes to the structure of our draft policy to better explain the different funding sources and show how we have considered the different legislative funding principles when making our decisions (refer Appendix 6 on page 31).

While we are not proposing any significant changes to our policy, we have identified a need to make some adjustments to the way we rate for local activities that our nine community boards have responsibility for. These activities include cemeteries, litter bins, local representation, playgrounds, parks, footpaths, streetlights, streetscapes, halls and, in some areas, pools, airports, water facilities and electricity supply. These activities make up around 7% (\$4.2 million) of Council’s total rate (\$56.7 million). More information about these changes is explained under **1. Changing how we fund local activities** from page 5.

1. Changing how we fund local activities

At the moment, most of the rate funding for local activities comes from properties within certain rating boundaries (shown in the maps below). These areas align with the eight previous community boards (yellow shading in left map), nineteen previous community development areas (CDA) (green shading in left map) and ward boundaries (blue lines right map).



With Council introducing new community board and ward areas in 2019, we wanted to look at how we rate for some of our local activities going forward. Under the current approach there is a wide variation in who is paying for these activities across the District depending on where the property is located and how the rates in that local area are set, including:

- some local targeted rates are only charged on properties in township areas (small green dots in the maps above)
- some local targeted rates cover large rural areas (large green and yellow areas on the map above)
- some local targeted rates use commercial, urban and rural differentials (based on rating land use categories) to charge some groups more or less than others (in Te Anau and Tuatapere), and
- some township areas receive funding for selected local activities from the ward rate (blue boundaries in right map above) and others do not.

In order to address these inconsistencies, we held a series of workshops with community boards to consider in more detail who benefits from some of the local activities that boards provide, who should pay for these activities and how they should pay.

As a result, we are proposing to make some changes to how some of these local activities are funded. These changes are detailed below along with the reasons which came out of the earlier workshop discussions.

Appendix 1 on page 12 also includes a table which shows a comparison of the current local rates for community boards and CDAs and how the changes proposed in 1.1 to 1.3 below will be applied based on the 2020/21 rates. In working through this process, we considered a number of other options for funding these costs which included rating for these costs across the whole District, within community board areas on a uniform basis and within urban areas only. Appendix 4 shows the other options that were modelled for comparative purposes (noting that the figures in these tables may differ slightly from the proposals due to changes in the number of rating units used in the final proposal).

1.1. New community board rates to fund local activities

There was general agreement at the workshops that all properties get some benefit from being able to access local services. However, the level of benefit varies because people living in areas that are nearer the services (typically urban/township areas) have easier access and, as such are more likely to use them, so get a greater benefit compared to those in rural areas who have to travel to use the services.

It was recognised that different communities across the District are able to choose to have differing levels of service for these local activities which supports an approach where each community board has its own rating area to fund their preferences.

As such, our proposal involves having nine separate targeted local community board rates aligned with the new community board boundaries to fund local activities including parks, playgrounds, footpaths, streetlights, streetscapes and water facilities. These would replace the existing community board, CDA and ward rates. A high-level overview of these areas is shown in Figure 1 on page 7. More detailed proposed rating maps of specific towns and community board areas can be viewed here: [4. Proposed Rating Boundaries](#)

Each local community board rate would have an urban, semi-urban and rural differential (where applicable) to reflect the different levels of benefit/service in these areas. Properties in urban areas¹ would pay a full charge compared to semi-urban² properties who would pay a half charge and rural³ properties who would pay a quarter charge.

The amount that properties in each community board area pays would differ depending on the facilities and infrastructure in the area and levels of service to be provided. Using the current budgets this would result in the following rates for each community board area:

- Ardlussa Community Board Rate - urban: \$116; semi-urban N/A; rural \$29
- Fiordland Community Board Rate - urban: \$206; semi-urban N/A; rural \$52
- Northern Community Board Rate - urban: \$224; semi-urban \$112; rural \$56
- Oraka Aparima Community Board Rate - urban: \$215; semi-urban \$107; rural \$54
- Oreti Community Board Rate - urban: \$145; semi-urban \$72; rural \$36
- Stewart Island/Rakiura Community Board Rate - urban \$146
- Tuatapere Te Waewae Community Board Rate - urban: \$196; semi-urban \$98; rural \$49
- Waihopai Toetoe Community Board Rate - urban: \$196; semi-urban \$98; rural \$49
- Wallace Takitimu Community Board Rate - urban: \$217; semi-urban \$109; rural \$54

¹ Urban areas would consist of townships with all or a majority of local activities that are provided at scale and with larger populations

² Semi-urban would consist of townships with most of the activities provided but at a small scale with smaller populations

³ Rural areas would cover the remainder of the community board area where use of the “local” services requires some travel

1.2. New targeted district-wide rate to fund stormwater

Stormwater is the activity that deals with rainwater runoff to prevent flooding, mainly in urban areas. Like other local activities, there is a level of benefit to the public generally from the provision of stormwater because it prevents flooding and helps maintain access to urban areas during periods of wet weather.

The proposal is for stormwater to be funded through a separate targeted district-wide rate with a differential for serviced areas (where stormwater infrastructure is provided) and unserviced areas to reflect that everyone gets a benefit (including rural people when they visit or use township services), but those living in urban areas serviced by stormwater receive a higher benefit because of their closer proximity to the service. Properties in serviced areas would pay a full charge compared to unserviced areas who would pay a quarter charge.

This is a change from the current approach where these costs are collected through the existing community board, CDA and ward rates. The change is being proposed given that the nature of the benefit provided by stormwater is similar across the District. Individual communities are also increasingly having less discretion about how this activity can be operated or to what level, with changing environmental and compliance standards which necessitate a more standardised approach.

Using the current budgets this would equate to \$47 per property in serviced areas and \$12 per property in rural areas compared to retaining the current rating approach where properties pay between \$0-\$108 depending on which community board or CDA rating area the property is in. A high-level overview of these areas is shown in Figure 2 on page 13. Previously if you were not paying a community board or CDA rate you would not have contributed to stormwater costs. More detailed proposed rating maps of specific towns and community board areas can be viewed here: [4. Proposed Rating Boundaries](#). The policy extract on page 15 also provides more context around this proposal.

1.3. Funding cemeteries, litter bins and local representation district-wide

Council is looking at collecting the rates needed for cemeteries, litter bins and local representation (which covers the costs of community boards and their meetings) from the district-wide general rate which every property pays. Overall, these activities have relatively equal public benefit and consistent levels of service across the District. This is a change from the current approach where these costs are collected through the existing community board, CDA and ward rates and vary depending on the specific services and costs in these areas. With the proposed approach, every property across the District would contribute through the general rate. The table gives an idea of the rate amount which would be collected through the general rate and an explanation of why we are looking at making this change. The policy extract on page 16 also provides more context.

Activity	Proposed	Current*	Reason
	(based on 20/21 rates)		
Local Representation	\$17	\$11-\$53	Local community board representation now covers all people/properties in the District, therefore providing benefits for all properties within the District.
Cemeteries	\$5	\$0-\$96	There is a relatively consistent level of service provided, particularly for cemetery operations and maintenance across the District. Residents are likely to travel to cemeteries in different parts of the District to pay respects to family and friends rather than just the cemeteries in their local area.
Litter Bins (part of the open spaces activity)	\$17	\$0-\$121	Litter bins are used by people travelling throughout the District including visitors, tourists, local residents and rural people who live outside of township areas.

* The current rate paid varies according to the specific community board, community development area (CDA) or ward rating area that a property is located within.

1.4. Local and District rate funding for Stewart Island jetties

The Stewart Island/Rakiura Community Board has delegated responsibility for six jetties including Ulva Island, Millers Beach, Port William, Little Glory, Fred’s Camp and Golden Bay (in the process of being transferred to Council).

As part of the Stewart Island/Rakiura Service Sustainability Study presented in February 2020, Council resolved to specifically consider the issues and options that might exist in relation to the delivery of services to the Stewart Island/Rakiura community as it progresses its review of the Revenue and Financing Policy and to specifically consider options for the funding of the jetties activity as part of the policy.

The report identified that we face a number of service sustainability challenges in providing and funding the delivery of services, particularly local activities, to the Stewart Island/Rakiura community. The island’s small population (408), limited ratepayer base (500) and relative isolation are compounding factors.

The report identified that as part of the review of its Revenue and Financing Policy we should consider options available for the funding of each of its activities on the island given these challenges including:

- considering the relative merits of a mix of district-wide and local funding for each activity including jetties and Stewart Island Electricity Supply Authority (SIESA)
- a review of the distribution of benefits for locally funded activities and the extent to which activities such as jetties might have a broader public good through, for example, the provision of access
- consideration of the extent to which other external funding sources, including government grants, Environment Southland marine levy and the visitor levy might constitute appropriate funding tools for some activities.

As such, as part of the policy review we have worked with the Stewart Island/Rakiura community board to better understand the public good and private benefits of the jetties as shown in the table and used this information to help inform decisions of how the activity should be funded.

Public Good Benefits	Private Good Benefits
<p>Jetties are critical infrastructure like roads that link the various parts of the island as well as the island with the rest of New Zealand for both local residents (some of whom depend on jetties for access to their residence), businesses and visitors</p> <p>Jetties enable people from the wider Southland area and national/international visitors to access different parts of the island for recreation (boating/tramping/hunting) and to appreciate the conservation estate with flow-on social, cultural and economic benefits.</p> <p>As an important tourism destination in New Zealand, Stewart Island/Rakiura attracts a range of visitors to the southern part of New Zealand and likely results in visitors travelling to other parts of the Southland region providing flow-on economic benefits.</p> <p>Jetties enable conservation staff to access the conservation estate to carry out conservation activities which ultimately provides wider environmental benefits</p> <p>It is difficult to exclude people from using jetties (noting that in the majority of cases users must have access to a boat).</p>	<p>Jetties provide a direct benefit for commercial users who operate businesses transporting visitors and goods/services around the island as well as businesses who use the jetties for their workers to access locations for their work (e.g. fishing/aquaculture)</p> <p>There is a limit to the number of boats/users who can physically use a single jetty at any one time which indicates that jetties have an aspect of private benefit.</p>

We have also considered the fact there is likely to be an increase in the costs for operating and maintaining the jetties. These additional costs are expected to place a larger and likely unaffordable burden on the local community either via the fees that are charged to commercial users or the level of local rates needed to fund part of the costs, compounding sustainability concerns. As such, we are proposing to provide some funding from the general rate (which all ratepayers pay) as well as the local community board rate to assist with these costs and to reflect the wider public benefits associated with the activity.

We are proposing to use a mix of sources to fund the jetties as part of the wider water facilities activity. The table below outlines the broad funding bands that will apply to the activity, with the specific contributions from each source to be determined as part of the LTP 2031 once expenditure has been confirmed. The policy extract on page 17 also provides more context.

Proposed Draft Revenue and Financing Policy 2021-2031 funding approach – Stewart Island Jetties

Proposed funding source	Current Funding	Proposed Funding	Applied to
Local targeted rate	0%	0-10%	Stewart Island/Rakiura Community Board ratepayers
Fees and charges	100%	60%-70%	Commercial wharf/jetty users
Grants and subsidies	None fixed	0-20%	Visitor levy (subject to discussions) or from other sources
District-wide general rate	0%	0-30%	Ratepayers in Southland District

1.5. Local rate funding for Stewart Island Electricity Supply Authority (SIESA)

The Stewart Island/Rakiura Service Sustainability Study also identified a need for Council to consider how SIESA is funded. SIESA is responsible for the generation and supply of electricity to consumers on Stewart Island. The authority is owned and operated by Council on behalf of Stewart Island/Rakiura electricity consumers and is governed by the Stewart Island Community Board.

The majority of the funding for this activity currently comes from user charges. These are a mix of fixed monthly charges, a standard consumption charge per kilowatt of power and a night consumption charge (currently \$87.55, \$0.5894 and \$0.5126 respectively, including GST).

A number of factors over the years have seen the cost of the activity increase, largely related to the increase in the price of diesel and also the regulatory requirements around health and safety. This has meant, in recent times, the current fees are not adequate to cover the cost of the activity and asset renewals. As a result, the activity has been operating in deficit with the short-fall funded from reserves.

The use of reserve funds in this way is unsustainable longer-term. We are proposing to eliminate the deficit and recognise the benefit to properties of being able to connect to a power supply by introducing a new separate targeted rate for properties on Stewart Island/Rakiura to fund a portion of the fixed costs of the supply, as well as increasing both the electricity monthly fixed charge and consumption charges as part of the LTP 2031.

The addition of the local targeted rate is a change from our current policy and will be used to offset further increases to the fixed charge and consumption charge that would otherwise be needed.

The rating boundary will be aligned with the current supply network and we are proposing to set the new rate on a differential basis depending on whether the property is either connected to the electricity network (full charge at \$200 per annum) or able to be connected and is not connected to the electricity network (half charge at \$100 per annum). This reflects the fact that there is a wider public benefit and cost to providing electricity infrastructure on the island and having electricity lines running past houses that properties can connect to, even if they are not connected. The policy extract on page 18 also provides more context.

This is expected to generate an additional \$95,000 with around 380 properties connected to the network currently and 200 properties not connected.

1.6. District rate funding for Te Anau Airport Manapouri

The Fiordland Community Board have requested that general rate funding be provided for future⁴ capital expenditure and possibly operating expenditure related to the Te Anau Airport Manapouri activity.

The airport is located between Te Anau and Manapouri and helps facilitate access by air to Fiordland National Park, the Te Anau community, its businesses and the surrounding natural environment. The facilities at the airport were upgraded in 2009 and are currently funded by income from the airport users as well as a local targeted rate on properties in the Fiordland area.

In making this request, the community board has suggested that:

- the whole community benefits from the airport in that it provides an important transport alternative in emergency events, particularly to assist in evacuations in flooding events; and
- the airport is of strategic importance for Southland – particularly in terms of its future potential as a transport hub for Southland and as an alternative to Queenstown as a staging post and access point for Milford and Fiordland in the longer term (as per Southland Murihiku Destination Strategy); and
- the airport is currently listed as a Council strategic asset in the Significance and Engagement Policy which suggests that the whole District has an interest in it and should possibly also be contributing towards its cost.

The draft Revenue and Financing Policy identifies that the while the airport delivers the most benefits to the Fiordland community, there is also a benefit to the community as a whole. The draft policy quantifies this wider community benefit at between 0-15% (refer to policy extract page 15). We could use this range as the basis for determining a level of general rate funding that may be appropriate to provide towards the airport activity.

As such we are interested in hearing from the community about this issue and whether there is support for providing district-wide general rate funding for the Te Anau Airport Manapouri and if so, what portion of the costs should be funded from the general rate.

2. Funding waste management through the general rate

Council currently collects a separate district-wide targeted rate for waste management. This rate is used to fund part of the solid waste activity which relates to the operation of transfer stations, greenwaste sites and recycling drop-off centres. It also involves dealing with litter and illegal dumping and waste minimisation activities.

We are proposing to remove the waste management targeted rate, with funding to be taken from the general rate. This is because we do not believe that there is a need for separate funding, particularly given the public good element of the activity and the similar way that the rate is set in line with the general rate. The change will also help to reduce ratepayer confusion with the rubbish and recycling wheelie bin rates. The policy extract on page 20 also provides more context.

⁴ The community board has suggested that the existing loan related to the original airport development should continue to be paid solely by properties in the Fiordland area.

3. Other areas considered with no changes proposed

Council also discussed whether there was a need to change the way other activities were funded during the review. Overall, we felt that our current approach is generally appropriate, however we did consider some specific changes to the way wastewater is funded as detailed.

Wastewater

During the review of the policy, we considered changing the approach to funding wastewater services. Our current funding approach for wastewater is as follows:

- a full charge per Separately Used or Inhabited Part of a Rating Unit (SUIP)⁵ for any residence that is connected or able to be connected but not connected,
- a half charge for any non-contiguous vacant land within the boundary which are able to be connected but are not connected, and
- a full charge per pan/urinal for all other property that is connected or able to be connected but not connected.

We looked at varying the charges for multiple pans for other property as well as increasing the wastewater charge for vacant land. However, after considering all of the factors and the impact of the different options, we decided to retain the current approach. More information about each of the options considered is detailed in Appendix 5 on page 28.

⁵ SUIP – includes any portion inhabited or used by the owner/a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, license or other agreement. For the purposes of this definition, vacant land which is not used or inhabited is not a SUIP.

Appendices

Appendix 1 – Overview of the proposed local targeted rate changes

Community Board	Area	Differential Classification (new Community Board rate - urban, semi urban or rural and Stormwater rate - serviced or unserviced)	Differential to be applied (urban stormwater)	(a) Current Local Rate - excluding local representation costs* (CB/CDA + Average Ward Rate)	(b) Revised Community Board rate*	(c) Rates to be funded from general rate (excluding local representation)*		(d) Stormwater to be funded from district wide targeted rate	(e) Total Rate* (excluding local representation costs)	(f) Rate to be funded from general rate Local representation*	(g) Total Rate *(including local representation costs)
						Litter bins*	Cemeteries*				
Ardlussa	Balfour	Urban and Serviced (SW)	1	\$219	\$116	\$17	\$5	\$47	\$185	\$17	\$202
	Riversdale	Urban and Serviced (SW)	1	\$165	\$116	\$17	\$5	\$47	\$185	\$17	\$202
	Waikaia	Urban and Serviced (SW)	1	\$148	\$116	\$17	\$5	\$47	\$185	\$17	\$202
	Rural	Rural and Unserviced (SW)	0.25	\$55	\$29	\$17	\$5	\$12	\$63	\$17	\$80
Fiordland	Manapouri	Urban and Serviced (SW)	1	\$298	\$206	\$17	\$5	\$47	\$275	\$17	\$292
	Te Anau	Urban and Serviced (SW)	1	\$256	\$206	\$17	\$5	\$47	\$275	\$17	\$292
	Rural	Rural and Unserviced (SW)	0.25	\$90	\$52	\$17	\$5	\$12	\$85	\$17	\$102
Northern	Athol	Semi Urban and Unserviced (SW)	0.5 0.25	\$56	\$112	\$17	\$5	\$12	\$146	\$17	\$163
	Garston	Semi Urban and Unserviced (SW)	0.5 0.25	\$51	\$112	\$17	\$5	\$12	\$146	\$17	\$163
	Lumsden	Urban and Serviced (SW)	1	\$304	\$224	\$17	\$5	\$47	\$293	\$17	\$310
	Mossburn	Urban and Unserviced (SW)	1 0.25	\$328	\$224	\$17	\$5	\$12	\$257	\$17	\$274
	Rural	Rural and Unserviced (SW)	0.25	\$55	\$56	\$17	\$5	\$12	\$90	\$17	\$107
Oraka Aparima	Colac Bay	Semi Urban and Serviced (SW)	0.5 1	\$94	\$107	\$17	\$5	\$47	\$177	\$17	\$194
	Riverton/Aparima	Urban and Serviced (SW)	1	\$297	\$215	\$17	\$5	\$47	\$284	\$17	\$301
	Thornbury	Semi Urban and Serviced (SW)	0.5 1	\$193	\$107	\$17	\$5	\$47	\$177	\$17	\$194
	Rural	Rural and Unserviced (SW)	0.25	\$71	\$54	\$17	\$5	\$12	\$87	\$17	\$104
Oreti	Browns	Semi Urban and Serviced (SW)	0.5 1	\$210	\$72	\$17	\$5	\$47	\$141	\$17	\$158
	Dipton	Semi Urban and Serviced (SW)	0.5 1	\$106	\$72	\$17	\$5	\$47	\$141	\$17	\$158
	Limehills	Semi Urban and Serviced (SW)	0.5 1	\$84	\$72	\$17	\$5	\$47	\$141	\$17	\$158
	Waianiwa	Rural and Serviced (SW)	0.25 1	\$2	\$36	\$17	\$5	\$47	\$105	\$17	\$122
	Wallacetown	Urban and Serviced (SW)	1	\$144	\$145	\$17	\$5	\$47	\$214	\$17	\$231
	Winton	Urban and Serviced (SW)	1	\$224	\$145	\$17	\$5	\$47	\$214	\$17	\$231
	Rural	Rural and Unserviced (SW)	0.25	\$18	\$36	\$17	\$5	\$12	\$70	\$17	\$87
Stewart Island/Rakiura	Stewart Island/Rakiura	Urban and Serviced (SW)	1	\$231	\$146	\$17	\$5	\$47	\$215	\$17	\$232
Tuatapere Te Waewae	Monowai	Semi Urban and Serviced (SW)	0.5 1	\$212	\$98	\$17	\$5	\$47	\$167	\$17	\$184
	Orepuki	Semi Urban and Serviced (SW)	0.5 1	\$101	\$98	\$17	\$5	\$47	\$167	\$17	\$184
	Tuatapere	Urban and Serviced (SW)	1	\$212	\$196	\$17	\$5	\$47	\$265	\$17	\$282
	Rural	Rural and Unserviced (SW)	0.25	\$79	\$49	\$17	\$5	\$12	\$83	\$17	\$100
Waihopai Toetoe	Gorge Road	Semi Urban and Unserviced (SW)	0.5 0.25	\$29	\$98	\$17	\$5	\$12	\$132	\$17	\$149
	Edendale	Urban and Serviced (SW)	1	\$165	\$196	\$17	\$5	\$47	\$265	\$17	\$282
	Tokanui	Urban and Serviced (SW)	1	\$217	\$196	\$17	\$5	\$47	\$265	\$17	\$282
	Woodlands	Semi Urban and Serviced (SW)	0.5 1	\$185	\$98	\$17	\$5	\$47	\$167	\$17	\$184
	Wyndham	Urban and Serviced (SW)	1	\$165	\$196	\$17	\$5	\$47	\$265	\$17	\$282
	Rural	Rural and Unserviced (SW)	0.25	\$41	\$49	\$17	\$5	\$12	\$83	\$17	\$100
Wallace Takitimu	Drummond Village	Rural and Unserviced (SW)	0.25	\$51	\$54	\$17	\$5	\$12	\$88	\$17	\$105
	Nightcaps	Urban and Serviced (SW)	1	\$194	\$217	\$17	\$5	\$47	\$287	\$17	\$304
	Wairio	Semi Urban and Unserviced (SW)	0.5 0.25	\$2	\$109	\$17	\$5	\$12	\$143	\$17	\$160
	Ohai	Urban and Serviced (SW)	1	\$257	\$217	\$17	\$5	\$47	\$287	\$17	\$304
	Otautau	Urban and Serviced (SW)	1	\$298	\$217	\$17	\$5	\$47	\$287	\$17	\$304
	Rural	Rural and Unserviced (SW)	0.25	\$126	\$54	\$17	\$5	\$12	\$88	\$17	\$105

(*based on 2020/2021 budget/rates data)

Appendix 2 – Proposed Rating Areas – Overview

The maps below provide an overview of the proposed rating areas. More detailed maps showing specific towns and community board areas are available here: [4. Proposed Rating Boundaries](#)

Figure 1: Community Board Rating Areas – Urban (purple shading), Semi-Urban (green shading), Rural (red border)

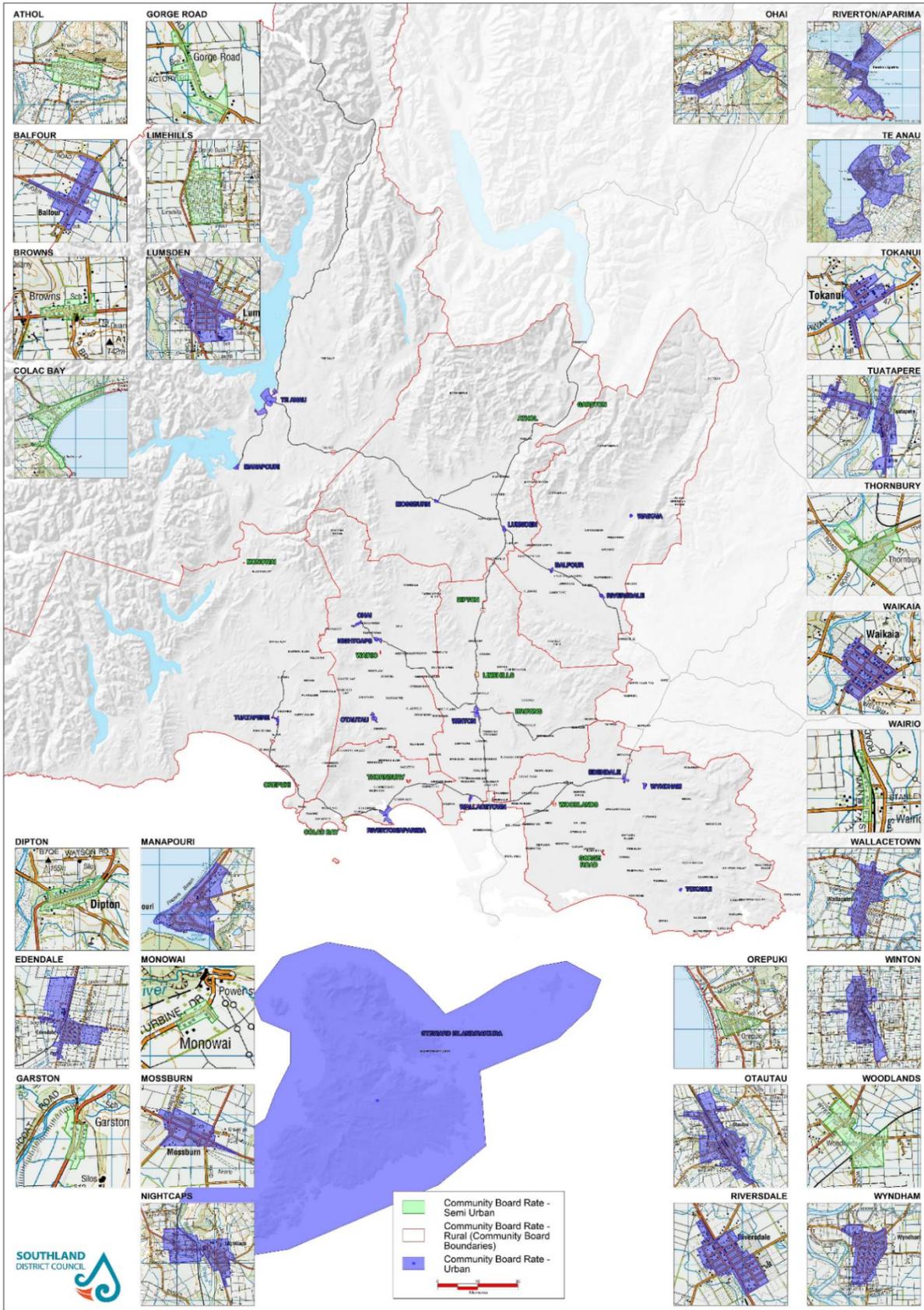
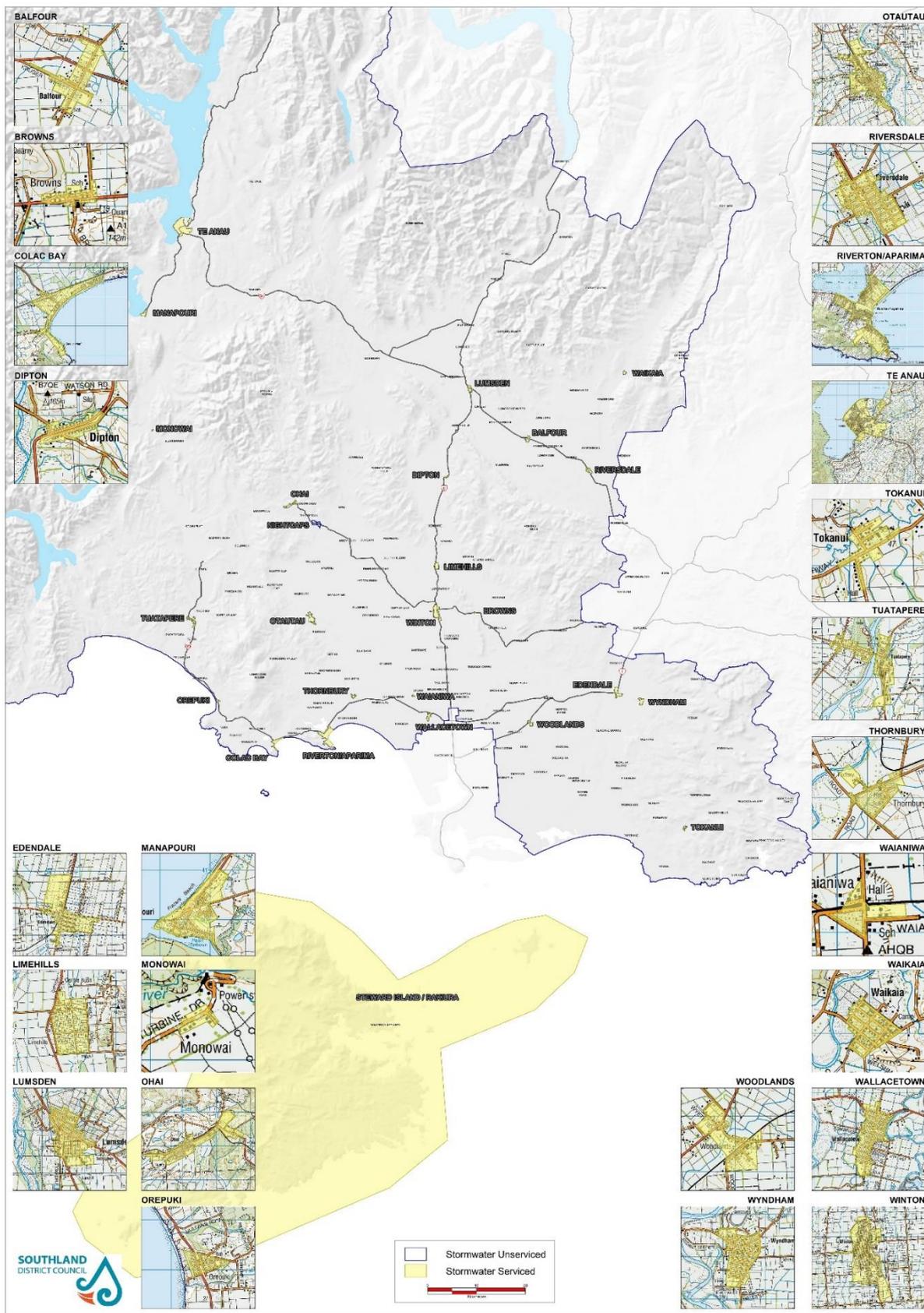


Figure 2: Stormwater Rating Area – Serviced (yellow shaded areas), Unserviced (blue border for remainder of district)



Appendix 3 – Extracts from the draft Revenue and Financing Policy

The following tables have been taken from the individual Activity Funding Analysis for each activity in the draft Revenue and Financing Policy where Council is proposing to make changes to how the activity is funded. These tables provide more information about how we have considered each of the legislative funding principles and its reasons for the proposed funding mix.

Stormwater

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
GROUP: STORMWATER DRAINAGE											
Activity: Stormwater											
Stormwater											
<ul style="list-style-type: none"> ▶ Kaitiakitanga for future generations ▶ A diverse economy creating healthy and affordable lifestyles ▶ Empowered communities with the right tools to deliver the best outcomes <p>This activity provides a safeguard for public health/safety also helps to maintain access to properties during periods of wet weather. The activity also protects the environment by controlling pollutants and sediments in stormwater discharged to waterways or coastal areas.</p>	<p>Medium</p> <p>The whole community benefits because of the decrease in the risk from flooding, the protection of community infrastructure, the treatment of stormwater to protect the environment, and the maintaining safe transport links and accessibility during rainfall events.</p>	<p>High</p> <p>Parts of the community where a stormwater network is provided (typically urban areas) are likely to experience a greater benefit because these people, their land and their property are better protected from flooding. Property owners downstream and people who visit these areas or use services in these areas also benefit, but to a lesser extent.</p>	<p>High</p> <p>Individual property owners connected to a scheme benefit from the safe and efficient management of stormwater away from their properties.</p>	<p>. Urban development reduces the amount of permeable land area available for stormwater removal, which exacerbates the need for this activity. Changing weather patterns and increased rainfall also exacerbate the need for stormwater.</p>	<p>Current and future years</p> <p>Stormwater infrastructure has a long useful life and will benefit both current and future generations. Council does not currently fund the depreciation on stormwater, with decisions on how to fund replacements or renewals to be made once individual assets reach the end of their useful life.</p>	<p>Because this activity provides predominantly community benefits to specific locations, it is appropriate to fund the activity separately, as this allows Council to specifically charge those in the serviced areas. Given the increasing importance and increasing financial significance of this activity, ratepayers should be able to clearly identify the costs associated with the activity.</p>	20%	80%	0%-20%	80%-100%	<p><i>Operational</i></p> <p>General rate (Low) - District</p> <p>Targeted rates (High) – Area of Service</p> <p>Grants and Subsidies (Low)</p> <p><i>Capital</i></p> <p>Targeted rates</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Other sources including reserves</p>

Cemeteries

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted			
							Public	Private	Public	Private		
Cemeteries												
<ul style="list-style-type: none"> ▶ Kaitiakitanga for future generations ▶ Inclusive connected communities ▶ Empowered communities with the right tools to deliver the best outcomes <p>The activity provides a memorial space where family and friends can remember others as well as a record of a community's history and heritage.</p> <p>The activity also ensures interments are managed in a way to minimise any environmental or public health impacts.</p>	<p>Low-Medium</p> <p>The whole community benefits from the provision of an interment system that remembers and respects those who have passed away and maintains public health and environmental standards through safe disposal of human remains.</p> <p>Records of interment are linked to the history of the community and are of public benefit.</p> <p>Facilities are spread widely across the district.</p>	<p>Low-Medium</p> <p>Parts of the community that have a council owned and operated cemetery nearby may experience a greater benefit from being able to have family members buried nearby.</p>	<p>Medium-High</p> <p>Families and friends of the deceased (from within and outside of the District) are the direct beneficiaries of the service with individual gravesites provided for remembrance and burial as well as cemetery records which are available to those researching family history.</p>	<p>People wanting to be buried in the district pay interment fees. In some cases, vandalism and failure to maintain headstones may cause additional costs. Where possible, costs will be recovered if perpetrators are caught.</p>	<p>Current and future years</p> <p>Cemeteries have long useful lives and will benefit both current and future generations. The cemeteries do have limited capacity and extensions are required when existing capacity is exhausted.</p>	<p>Cemeteries make up a small part of Council's overall expenditure. Given this and that cemeteries are generally maintained to a consistent standard across the district, there is no benefit perceived from separate funding. For this reason Council has chosen to amalgamate the overall funding of this activity under the community resources activity with the rating mechanism to be funded by a district-wide rate to reduce collection costs.</p>	60%	40%	80%-100%	0%-20%	<p>Rationale</p> <p>While the main beneficiaries of the activity are those who use the service for interments, there are also a number of costs related maintaining cemetery grounds and interment records. Council believes that the costs of interments should be borne by the users through fees. The costs of providing and maintaining cemetery grounds and interment records have wider public benefit and should be funded from the General rate, particularly given that there is limited ability to charge for future maintenance costs through interment fees.</p> <p>Operational costs are funded through a mix of fees and rates, reflecting the private and public good components of this activity.</p> <p>Capital costs will primarily be funded by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth rates input. Some communities may also choose to provide grant funding for specific discretionary projects for cemeteries in their area.</p>	<p>Operational</p> <p>General rate (High) - District</p> <p>Fees and Charges (Low)</p> <p>Grants and Subsidies (Low)</p> <p>Other sources (Low)</p> <p>Capital</p> <p>General rate</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Proceeds from Asset Sales</p> <p>Other sources including reserves</p>

Representation and Advocacy (including Local Representation)

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted			
							Public	Private	Public	Private		
GROUP: COMMUNITY LEADERSHIP												
Activity: Community Leadership												
Representation and Advocacy												
<ul style="list-style-type: none"> ▶ Empowered communities with the right tools to deliver the best outcomes ▶ Inclusive connected communities <p>This activity provides for the ability to elect local representatives and supports elected members to be effective, responsible and accountable decision-makers and advocates for their community. This contributes to the open, transparent and accountable democratic process of local government.</p>	<p>High</p> <p>The whole community benefits as council and community boards are the vehicles for making decisions affecting the whole District. Enabling decision-making at a range of levels helps to ensure as far as practical that those benefitting from services have an input into decisions.</p>	<p>Medium</p> <p>Community boards and other local committees represent particular areas or interests within the District.</p>	<p>Low</p> <p>Individuals who interact directly with Council and engage in decision-making processes get a direct benefit.</p>	<p>Living in a democratic society contributes to the need for this activity.</p>	<p>Current year</p> <p>The benefits of this expenditure on this activity are generally experienced in the current year. Advocacy on specific issues may, however <u>have longer-term impacts</u> for the community.</p>	<p>Given the high degree of public benefit there is limited benefit perceived from separate funding. For this reason, Council has chosen to amalgamate the overall funding of this activity under the community leadership activity with the rating mechanism to be amalgamated with other activities to reduce collection costs.</p>	95%	5%	100%	0%	<p>Rationale</p> <p>Given the high degree of public benefit and considering that Council and Community Boards cover the whole District, the majority of the activity will be funded from the general rate. It would not be appropriate to charge for the private benefit as the activity plays a key part in a democracy.</p> <p>Operational costs are funded predominantly through the General rate reflecting the public good component of this activity.</p>	<p>Operational</p> <p>General rate (High) - District</p> <p>Other sources (Low) - Area of Service</p> <p>Capital</p> <p>General rate</p> <p>Borrowing</p> <p>Other sources including reserves</p>

Water Facilities

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted			
							Public	Private	Public	Private		
Water facilities												
<ul style="list-style-type: none"> ▶ Kaitiakitanga for future generations ▶ A diverse economy creating healthy and affordable lifestyles ▶ Inclusive connected communities ▶ Empowered communities with the right tools to deliver the best outcomes <p>Water infrastructure like boat ramps, jetties, wharves and navigation aids enable recreational and commercial access to waterways as well as the ability for residents and visitors to access critical services/goods where the only practical access is available by water. Water facilities provide residents and visitors with easier access to special parts of the District, which enables appreciation of unique natural environments.</p>	<p>Medium</p> <p>The whole community benefits because the infrastructure is part of the larger transportation network that allows for the movement of people and goods throughout the District. The infrastructure also facilitates recreational activities and access to unique natural environments with flow-on economic and tourism benefits. Control structures (i.e. navigation aids, stop banks and marine walls) also support the environment (by protecting from flooding) and help ensure public safety (by having aids that improve navigation).</p>	<p>Medium</p> <p>The parts of the community that have water facilities and boats have easier access and may receive a more direct benefit - with flow-on recreational on economic benefits to the local area where facilities are provided. The activity also provides alternative transportation options to remote areas in the event of an emergency.</p>	<p>Medium/High</p> <p>Recreational and commercial users who use water facilities receive a private benefit from the activity. Commercial use includes vessel mooring and transporting goods/services/visitors. Facilities are also used by the fishing/aquaculture industry for employees to access work locations. Recreational use includes boating, fishing, and access for hunting and tramping.</p>	<p>Commercial and recreational marine users create the need for the activity. In some cases, additional costs may be caused by damage from vessels. Council may be able to recover damage-related costs where liability is able to be determined.</p>	<p>Current and future years</p> <p>Infrastructure associated with water facilities has a long useful life and will benefit current and future generations.</p>	<p>As water facilities are a relatively small part of Council's overall expenditure, Council has chosen to amalgamate the overall funding of this activity under the transport activity. As the activity predominantly provides benefits to specific communities, and as there are differences in the scale and level of service provided in different areas, it is considered appropriate to fund the activity as part of local rates targeted to properties within these areas.</p>	<p>30%</p>	<p>70%</p>	<p>0%-30%</p>	<p>70%-100%</p>	<p>Rationale</p> <p>The private good component reflects the benefit received by individual and commercial users. Where it is practical and efficient to do so, Council recovers costs from private users for commercial use, berthing/mooring or for damage caused. While a stronger user pays approach could be implemented, it is considered that this would deter users and increase costs of recovery.</p> <p>Any funding shortfall will be funded by local targeted rates to reflect the public benefit component of having water facilities available. Some costs associated with the facilities that have national/District significance and provide critical transport infrastructure for the community, may also be funded from the general rate, particularly for Stewart Island/Rakiura jetties where the infrastructure places a large and unaffordable burden onto the local community. The Council recognises this approach is inconsistent with the funding for the rest of this activity, but considers it necessary to ease the rating burden on this community.</p> <p>Operational costs are funded through a mix of fees and charges, local targeted rates and the General rate. Capital expenditure will primarily be funded by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth rates input. Repayment of any borrowings will be via the rates and fees and charges. Grants may be available from time to time for specific projects but are difficult to predict.</p>	<p><i>Operational</i></p> <p>General rate (Low) - District Targeted rates (Low) - Area of Service Fees and Charges (High) Grants and Subsidies (Low) Other sources (Low)</p> <p><i>Capital</i></p> <p>General and targeted rates Fees and Charges Grants and Subsidies Borrowing Other sources including reserves</p>

Stewart Island Electricity Supply

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted			
							Public	Private	Public	Private		
Activity: Electricity Supply												
Stewart Island Electricity Supply (SIESA)												
<ul style="list-style-type: none"> ▶ Kaitiakitanga for future generations ▶ A diverse economy creating healthy and affordable lifestyles ▶ Empowered communities with the right tools to deliver the best outcomes <p>This activity generates and supplies a convenient and reliable source of electricity, which is essential for business, industry and residential needs on Stewart Island/Rakiura. The activity also operates waste collection services for the island.</p>	<p>Low</p> <p>The whole community benefits because the electricity supply supports the island. As a key tourism destination, there is also a flow-on economic benefit to the rest of the District when visitors also choose to travel to other areas of the District. A coordinated supply also reduces the impact on the unique natural environment, which is located within a conservation estate.</p>	<p>Medium/High</p> <p>SIESA provides electricity services for the Stewart Island/Rakiura community and supports the community's economic and social wellbeing by providing an essential service to local residents, businesses and visitors. The single generation source of electricity and waste management practice also reduces the impact on the local environment and protects amenity values for residents.</p>	<p>High</p> <p>Individual property owners and businesses that are connected or able to connect to the supply receive a private benefit.</p>	<p>Residents, businesses and visitors create the need.</p>	<p>Current and future years</p> <p>The electricity lines have long useful lives and will benefit current and future generations. The current diesel generators have shorter lives.</p>	<p>While Council has chosen to amalgamate the overall funding of this activity under the community resources activity, given the high degree of private benefit, Council has chosen to set fees and charges for consumers to reflect a user pays approach to ensure consumers are aware of the costs associated with their use. A portion of the costs may also be collected through a local targeted rate to reflect the public benefit in having a supply available for properties to connect to.</p>	<p>0%</p>	<p>100%</p>	<p>0%-30%</p>	<p>70%-100%</p>	<p>Rationale</p> <p>The private good component reflects the direct benefit received by individual properties connected to the supply.</p> <p>The public good component of this activity, which funds a small portion of this activity, recognises the flow-on benefits to the District from this activity (tourism, conservation of unique environment in the District), as well as the cost to provide infrastructure on the island and the benefit associated with having a reliable and convenient supply of electricity that people choosing to live/build on the Island can connect to.</p> <p>Operational costs are mainly funded through a mix of fees and charges (e.g. fixed monthly charge, consumption charges and connection charges) to reflect the private benefit and a contribution from a local targeted rate to reflect the public component of the activity.</p> <p>Capital expenditure will primarily be funded by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth rates input. Repayment of any borrowings will be via the local targeted rate and fees and charges. Grants may be available from time to time for specific projects but are difficult to predict</p>	<p><i>Operational</i></p> <p>Targeted rates (Low) – Area of Service Fees and Charges (High)</p> <p>Grants and Subsidies (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>Targeted rates</p> <p>Fees and Charges</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Proceeds from Asset Sales</p> <p>Development and/or Financial Contributions</p> <p>Other sources including reserves</p>

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
Airports											
<p>▶ A diverse economy creating healthy and affordable lifestyles</p> <p>▶ Inclusive connected communities</p> <p>▶ Empowered communities with the right tools to deliver the best outcomes</p> <p>The Te Anau Manapouri airport provides aerodrome services (landing, take off and ground handling facilities) for scheduled airline services as well as locally based commercial, aero medical, agricultural, training and recreational aviation. The facility also provides a function center.</p>	<p>Low</p> <p>The whole community benefits from having an alternative transportation option that connects Fiordland with the rest of New Zealand and the world, and provides convenient access for visitors and businesses with flow-on economic benefits to the District when visitors also choose to travel to other areas.</p>	<p>Medium/High</p> <p>The airport provides aerodrome services for the local Fiordland community and supports the local economy by providing a transportation service to local tourism operators, aviation businesses and residents. The activity also provides an alternative transportation option in the event of an emergency.</p>	<p>Medium/High</p> <p>Recreational pilots and commercial users who use the airport for their business, and individuals who hire the facilities for events, receive a private benefit from the activity.</p>	<p>Aircraft operators, businesses and the rural sector use the airport for their operations and individuals who use the airport for recreation. To an extent, the presence of the Fiordland community also generates a need to provide flight connections to the area.</p>	<p>Current and future years</p> <p>The airport buildings and runway have long useful lives and will benefit current and future generations.</p>	<p>The airport is a relatively small part of Council's overall expenditure and Council has chosen to amalgamate the overall funding of this activity under the transport activity. As the activity predominantly provides benefits to the Fiordland area, it is appropriate to fund the activity through a separate local targeted rate to properties within this area. This provides transparency to the community about the costs associated with the activity.</p>	<p>10%</p> <p>90%</p> <p>0%-15%</p> <p>85%-100%</p>	<p>Rationale</p> <p>The private good component reflects benefits received by individual users, clubs and commercial users as well as local residents and businesses. The public good component recognises that there is also a small benefit to the district and the Fiordland area generally. Operational costs are funded through a mix of fees and charges (e.g. landing fees and hire fees) to reflect the private benefit along with the local targeted rate which reflects both the higher level of private benefit for those living in the Fiordland Community Board area and aspects of the public benefit associated with this. The wider public benefit component of the activity for the whole community is reflected in the general rate funding. Capital expenditure will primarily be funded by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth rates input. Repayment of any borrowings will be via the local targeted rate and fees and charges. Grants may be available from time to time for specific projects but are difficult to predict.</p>	<p><i>Operational</i></p> <p>General rate (Low)</p> <p>Targeted rates (Medium)</p> <p>Fees and Charges (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General rate</p> <p>Targeted rates</p> <p>Fees and Charges</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Other sources including reserves</p>		

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate	
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted			
							Public	Private	Public	Private		
Activity: Waste Services												
Refuse, Recycling, Transfer Stations, Greenwaste, Wheelle Blns												
<p>► Kaitiakitanga for future generations</p> <p>This activity provides a range of solid waste management facilities including transfer stations, recycling/greenwaste sites and wheelie bin collections that enable people to dispose of their waste appropriately. The activity also supports waste reduction, reuse and recycling facilities and initiatives that help to maintain the health of the community and the natural environment.</p>	<p>Medium</p> <p>The whole community benefits from facilities that enable the community to dispose of waste appropriately. This helps to protect public health, maintains the attractiveness of areas and reduces environmental contamination from incorrect waste disposal.</p> <p>Education and recycling programmes benefit the environment and society in general.</p> <p>Facilities are available throughout the District.</p>	<p>Medium</p> <p>Parts of the community that have solid waste facilities or kerbside collection services in their local area have easy access and may experience a greater benefit than those who have to travel a longer distance to use a facility, particularly rural properties.</p>	<p>High</p> <p>Individual users (households / businesses / visitors) of the various Council-provided services, particularly kerbside bin collections, transfer stations and recycling / greenwaste sites.</p>	<p>The community in general creates the need by producing waste. In some cases, inappropriate disposal of hazardous waste and illegal dumping-causes additional costs to the community. Costs will be recovered if it is possible and economically viable to do so.</p>	<p>Current and future years</p> <p>There are intergenerational benefits to the community of facilities that have long useful lives. The activity also protects the environment from the adverse impacts of waste which can have a longer term benefit.</p>	<p>While Council has chosen to amalgamate the overall funding of this activity under the community resources activity, given the high degree of private benefit for some parts of the activity, Council has chosen to set targeted rates and separate fees for parts of the activity (wheelie bin collections, transfer stations) to ensure users are contributing towards the true cost of collection and disposal. The remaining costs are funded by a district-wide rate to reduce collection costs.</p>	<p>30%</p>	<p>70%</p>	<p>0%-20%</p>	<p>80%-100%</p>	<p>Rationale</p> <p>The private good components are largely paid for through targeted rates on households, businesses and communities where recycling and wheelie bin collection services are provided as well as fees and charges for users of the transfer stations. This approach ensures direct beneficiaries are contributing towards costs and also encourages users to minimise the amount of waste they produce. While a stronger user pays approach could be implemented, it is considered that this would result in a level of fees and charges that would deter users from disposing of their waste safely and appropriately.</p> <p>The General rate is used to fund the public benefit aspects of this activity associated with managing waste appropriately and safely including costs associated with the landfill, community recycling centres and waste minimisation.</p> <p>Operational costs are primarily funded through a mix of targeted rates (wheelie bin collections and Stewart Island/Rakiura Waste Management rate), general rate and fees and charges. Council also receives income from waste disposal levies which can be used to fund waste reduction initiatives.</p> <p>Capital expenditure will be funded by reserves or by borrowing to match funding to the expected life of the asset for intergenerational equity and to smooth funding input. Grants may be available from time to time but are difficult to predict and asset sales may be used to fund specific costs.</p>	<p><i>Operational</i></p> <p>General rate (High) - District</p> <p>Targeted rates (Low) - Area of Service</p> <p>Fees and Charges (Low)</p> <p>Grants and Subsidies (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>General and targeted rates</p> <p>Fees and Charges</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Proceeds from Asset Sales</p> <p>Other sources including reserves</p>

Community outcomes	Distribution of benefits			Whose act creates need	Benefit Period	Costs and Benefits of Separate Funding	Assessment of Benefit				Indicative Funding Source based on Funding Impact Statement categories (funding range) - Catchment(s) for rate
	Whole community	Identifiable parts of the community	Individuals				Initial		Adjusted		
							Public	Private	Public	Private	
GROUP: SEWERAGE AND THE TREATMENT AND DISPOSAL OF SEWAGE											
Activity: Sewerage											
Sewerage											
<p>▶ Kaitiakitanga for future generations</p> <p>▶ A diverse economy creating healthy and affordable lifestyles</p> <p>The activity provides a sewage disposal service to consumers who are able to connect to a scheme within the District, which helps to protect the environment, public health and facilitate economic development.</p>	<p>Low</p> <p>The whole community benefits from the appropriate management of sewage and wastewater as this helps to protect public health and prevent environmental pollution. It also supports commercial and industrial businesses, which has flow-on benefits to the wider economy.</p>	<p>Medium</p> <p>People, properties and businesses in the serviced areas benefit because the collection and treatment of sewage reduces the possibility of health problems in high density communities where on-site systems are not effective. The activity also ensures the disposal of sewage does not negatively impact the amenity value of an area or effect nearby waterways. It also enables commercial and industrial businesses in these areas to dispose of their trade waste.</p>	<p>High</p> <p>Individual consumers who want to and are able to connect to a Council scheme can be identified as the beneficiaries as they can dispose of their wastewater safely and conveniently. Tankered waste businesses, whilst not connected, are able to discharge their effluent at treatment plants and therefore also benefit.</p>	<p>Premises with multiple pans and commercial and industrial enterprise create trade wastes which can impact/increase the load on treatment facilities. Growth in certain areas of the District can also contribute to the need, and require expansion of infrastructure.</p>	<p>Current and future years</p> <p>Sewerage infrastructure has a long useful life and will benefit both current and future generations.</p>	<p>There are benefits in funding the activity separately as this allows Council to specifically charge those in serviced areas. These properties can be readily identified and charged. Given the importance and financial scale of the activity, a targeted rate has been used to clearly identify the costs associated with the wastewater activity. Trade waste discharges cause additional costs and will be charged for via trade waste rates and fees and charges.</p>	<p>30%</p> <p>70%</p> <p>0%-30%</p> <p>70%-100%</p> <p>Rationale</p> <p>The private good component reflects the private benefit received by individual households and businesses. A user pays philosophy applies given that the users of this activity can be easily identified and it is administratively efficient to apply targeted rates. The exacerbator pays principle also supports Council's approach of charging multiple pan charges to non-residential users who have more than one pan/urinal.</p> <p>Operational costs are funded through targeted rates (targeted to properties where connection to a scheme is possible) and through fees and charges (for the trade waste component and costs of new connections). Although each sewerage scheme has different costs to maintain and operate, sewerage schemes across the District have been amalgamated for funding purposes, rather than each scheme paying for its own costs. This means that everyone receiving a similar service (of having access to a scheme), pays the same amount regardless of the costs related to each individual scheme. In general, this benefits those who contribute to smaller schemes, which have a higher per ratepayer cost.</p> <p>While the majority of the costs are funded by those connected to the schemes, a portion of the overhead costs associated with the administration of the wastewater activity is funded by the general rate. Capital expenditure will be funded by reserves or by borrowing to match funding to the expected life of the asset for intergenerational equity purposes and to smooth funding input. Grants may be available from time to time but are difficult to predict. Development contributions may be used for funding the additional capacity of capital projects if the Council decides to take these out of remission.</p>	<p><i>Operational</i></p> <p>General rate (Low) - District</p> <p>Targeted rates (High) – Area of Service (scheme)</p> <p>Fees and Charges (Low)</p> <p>Grants and Subsidies (Low)</p> <p>Other sources (Low)</p> <p><i>Capital</i></p> <p>Targeted rates</p> <p>Grants and Subsidies</p> <p>Borrowing</p> <p>Proceeds from Asset Sales</p> <p>Development and/or Financial Contributions</p> <p>Other sources including reserves</p>			

Appendix 4 – Local Activity Rating Options - Modelling

The tables on the following pages show the different approaches that Council considered for how some local activities could be funded using the 2020/2021 Annual Plan budget information. This information represents the other approaches we considered during the review.

Our preferred option is shaded in red with white writing e.g. **\$xx.**

- Column **A** (yellow) shows current rates for the activity for the properties in each CB/CDA area and what the rate would be if the existing rates were combined across the new community board area and the District (bottom row)
- Column **B** (grey) shows what the rate would be if the costs were shared out evenly among all properties in the new community board area or across the District (bottom row)
- Column **C** (pink) shows what the rate would be if the costs were shared out evenly among urban properties only in the new community board area or across the District (bottom row)
- Column **D** (green) shows what the rate would be if the costs were shared out using a differential for all urban (RIGHT) and rural (LEFT) properties in the new board community area or across the District (bottom row).

The bottom row shows what the rate would be if it was collected across all properties in the District (district-wide rate or funded through the general rate).

The highlighted rows within the table are what the rate would be if it was collected across all properties in the new community board area as a new community board rate to replace the existing CB/CDA/ward rates.

Table 1: Stormwater Rate Modelling Options

New CB Area	CB / CDA Area	(A)	(B)	(C)	(D)	
		Current Approach Current share of local CB/CDA area (fixed for stormwater)	Flat across new CB New community board (fixed charge, urban & rural)	Urban/serviced only Revised new urban boundary (fixed charge)	Differential – Urban/Serviced vs Rural/Unserviced	
					New rural boundary share (fixed charge) (0.25)	New urban share (fixed charge) (1.00)
	Balfour	\$54		\$61	\$10	\$39
	Riversdale	\$25		\$25	\$5	\$21
	Waikaia	\$36		\$37	\$7	\$29
Ardlussa Community Board Rate		\$34	\$17	\$35	\$7	\$27
	Manapouri	\$90		\$90		
	Te Anau	\$24		\$27		
Fiordland Community Board Rate		\$28	\$28	\$34	\$8	\$33
	Athol	\$0		\$0		
	Garston	\$0		\$0		
	Lumsden	\$37		\$43		
	Mossburn	\$40		\$41		
Northern Community Board Rate		\$29	\$18	\$36	\$7	\$29
	Colac Bay	\$7		\$8		
	Riverton	\$72		\$78		
	Thornbury	\$0		\$0		
Oraka Aparima Community Board Rate		\$64	\$51	\$69	\$16	\$63
	Browns	\$46		\$41		
	Dipton	\$26		\$162		
	Limehills	\$52		\$112		
	Wallacetown	\$25		\$38		
	Winton	\$71		\$97		
Oreti Community Board Rate		\$58	\$39	\$88	\$17	\$67
	Stewart Island / Rakiura	\$41		\$42		
Stewart Island / Rakiura Community Board Rate		\$41	\$41	\$42	\$10	\$41
	Orepuki	\$12		\$16		
	Tuatapere	\$37		\$52		
Tuatapere Te Waewae Community Board Rate		\$20	\$18	\$46	\$8	\$33
	Edendale - Wyndham	\$24		\$47		
	Gorge Road	\$0		\$0		
	Tokanui	\$45		\$46		
	Woodlands	\$15		\$15		
Waihopai Toetoe Community Board Rate		\$21	\$11	\$43	\$6	\$25
	Drummond	\$0		\$0		
	Nightcaps	\$108		\$112		
	Ohai	\$97		\$99		
	Otautau	\$46		\$65		
Wallace Takitimu Community Board Rate		\$66	\$47	\$82	\$17	\$69
District Wide	Total	\$42	\$31	\$56	\$12	\$46

Table 2: New Community Board Rate Modelling Options (Parks, Playgrounds, Footpaths, Ward Costs) with combined impact of local representation, cemeteries and litter bin activities being funded from the General rate and Stormwater funded as a separate District-wide rate

New CB Area	CB / CDA Area	(A)	(B)	(C)	(D)	
		Current Approach Current local CB/CDA area rated (fixed rate)	Flat across new CB New community board (fixed charge, urban & rural)	Urban/serviced only Revised new urban boundary (fixed charge)	Differential – Urban/Serviced vs Rural/Unserviced New rural boundary share (fixed charge) (0.25) New urban share (fixed charge) (1.00)	
	Balfour	\$217		\$206		\$131
	Riversdale	\$163		\$136		\$113
	Waikaia	\$146		\$133		\$105
Ardlussa Community Board Rate		\$167	\$68	\$146	\$28	\$114
	Manapouri			\$167		
	Te Anau			\$229		
Fiordland Community Board Rate		\$235	\$180	\$222	\$52	\$210
	Athol			\$153		
	Garston			\$1,552		
	Lumsden			\$229		
	Mossburn			\$272		
Northern Community Board Rate		\$248	\$133	\$258	\$52	\$209
	Colac Bay			\$137		
	Riverton			\$228		
	Thornbury			\$423		
Oraka Aparima Community Board Rate		\$270	\$167	\$226	\$52	\$208
	Browns			\$311		
	Dipton			\$376		
	Limehills			\$120		
	Wallacetown			\$178		
	Winton			\$185		
Oreti Community Board Rate		\$192	\$84	\$188	\$36	\$143
	Stewart Island / Rakiura			\$148		
Stewart Island / Rakiura Community Board Rate		\$231	\$145	\$148	\$37	\$147
	Orepuki			\$219		
	Tuatapere			\$263		
Tuatapere Te Waewae Community Board Rate		\$118	\$100	\$255	\$46	\$183
	Edendale - Wyndham			\$312		
	Gorge Road			\$780		
	Tokanui			\$400		
	Woodlands			\$228		
Waihopai Toetoe Community Board Rate		\$147	\$84	\$324	\$47	\$189
	Drummond			\$265		
	Nightcaps			\$98		
	Ohai			\$207		
	Otautau			\$355		
Wallace Takitimu Community Board Rate		\$254	\$146	\$255	\$54	\$215
District Wide	Total	\$211	\$122	\$223	\$46	\$184

Table 3: Local representation/elected members options

		(A)	(B)	(C)	(D)	
		Current Approach	Flat across new CB	Urban/serviced only	Differential – Urban vs Rural	
		Current local CB/CDA area (fixed) for remuneration	New community board (fixed U+R)	Revised new urban boundary (fixed)	New rural boundary share (fixed 0.25)	New urban share (fixed 1.0)
Ardlussa Community Board Rate		\$53	\$26	\$55	\$11	\$43
Fiordland Community Board Rate		\$11	\$11	\$14	\$3	\$13
Northern Community Board Rate		\$41	\$29	\$61	\$12	\$47
Oraka Aparima Community Board Rate		\$19	\$16	\$21	\$5	\$20
Oreti Community Board Rate		\$17	\$12	\$26	\$5	\$20
Stewart Island / Rakiura Community Board Rate		\$28	\$28	\$29	\$7	\$28
Tuatapere Te Waewae Community Board Rate		\$29	\$26	\$66	\$12	\$48
Waihopai Toetoe Community Board Rate		\$28	\$14	\$56	\$8	\$33
Wallace Takitimu Community Board Rate		\$29	\$21	\$38	\$8	\$32
District Wide	Total	\$22	\$17	\$31	\$6	\$25

Table 4: Cemetery options

New CB Area	Township	(A)	(B)	(C)	(D)	
		Current Approach Current local CB/CDA area (fixed) for cemeteries	Flat across new CB New community board (fixed U+R)	Urban/service d only Revised new urban boundary (fixed)	Differential – Urban vs Rural New rural boundary share (fixed 0.25) New urban share (fixed 1.0))	
	Balfour	\$0		\$0		
	Riversdale	\$0		\$0		
	Waikaia	\$3		\$3		
Ardlussa Community Board Rate		\$1	\$1	\$1	\$1	\$0
	Manapouri	\$0		\$0		
	Te Anau	\$1		\$1		
Fiordland Community Board Rate		\$1	\$1	\$1	\$1	\$0
	Athol	\$6		\$7		
	Garston	\$0		\$0		
	Lumsden	\$13		\$15		
	Mossburn	\$7		\$7		
Northern Community Board Rate		\$9	\$9	\$6	\$12	\$2
	Colac Bay	\$0		\$0		
	Riverton	\$13		\$14		
	Thornbury	\$0		\$0		
Oraka Aparima Community Board Rate		\$11	\$11	\$9	\$12	\$3
	Browns	\$0		\$0		
	Dipton	\$16		\$99		
	Limehills	\$0		\$0		
	Wallacetown	\$6		\$10		
	Winton	\$5		\$7		
Oreti Community Board Rate		\$6	\$6	\$4	\$9	\$2
	Stewart Island / Rakiura	\$23		\$23		
Stewart Island / Rakiura Community Board Rate		\$23	\$23	\$22	\$23	\$6
	Orepuki	\$0		\$0		
	Tuatapere	\$0		\$0		
Tuatapere Te Waewae Community Board Rate		\$0	\$0	\$0	\$0	\$0
	Edendale - Wyndham	\$9		\$18		
	Gorge Road	\$0		\$0		
	Tokanui	\$0		\$0		
	Woodlands	\$96		\$96		
Waihopai Toetoe Community Board Rate		\$12	\$12	\$6	\$24	\$3
	Drummond	\$0		\$0		
	Nightcaps	\$0		\$0		
	Ohai	\$0		\$0		
	Otautau	\$17		\$24		
Wallace Takitimu Community Board Rate		\$10	\$10	\$7	\$12	\$3
District Wide	Total	\$7	\$5	\$9	\$2	\$7

Table 5: Litter Bins options

New CB Area	Township	(A)	(B)	(C)	(D)	
		Current Approach	Flat across new CB	Urban/serviced only	Differential – Urban vs Rural	
		Current local CB/CDA area (fixed) for cemeteries	New community board (fixed U+R)	Revised new urban boundary (fixed)	New rural boundary share (fixed 0.25)	New urban share (fixed 1.00)
	Balfour	\$12		\$14		
	Riversdale	\$22		\$22		
	Waikaia	\$0		\$0		
Ardlussa Community Board Rate		\$12	\$6	\$13	\$2	\$10
	Manapouri	\$52		\$52		
	Te Anau	\$28		\$31		
Fiordland Community Board Rate		\$28	\$28	\$34	\$8	\$32
	Athol	\$0		\$0		
	Garston	\$0		\$0		
	Lumsden	\$100		\$116		
	Mossburn	\$121		\$124		
Northern Community Board Rate		\$80	\$51	\$99	\$20	\$80
	Colac Bay	\$51		\$53		
	Riverton	\$21		\$23		
	Thornbury	\$36		\$34		
Oraka Aparima Community Board Rate		\$24	\$19	\$26	\$6	\$24
	Browns	\$0		\$0		
	Dipton	\$6		\$35		
	Limehills	\$0		\$0		
	Wallacetown	\$13		\$20		
	Winton	\$20		\$27		
Oreti Community Board Rate		\$16	\$11	\$25	\$5	\$19
	Stewart Island / Rakiura	\$1		\$1		
Stewart Island / Rakiura Community Board Rate		\$1	\$1	\$1	\$0	\$1
	Orepuki	\$36		\$46		
	Tuatapere	\$16		\$23		
Tuatapere Te Waewae Community Board Rate		\$12	\$12	\$34	\$6	\$23
	Edendale – Wyndham	\$8		\$16		
	Gorge Road	\$0		\$0		
	Tokanui	\$14		\$14		
	Woodlands	\$22		\$22		
Waihopai Toetoe Community Board Rate		\$8	\$4	\$16	\$2	\$9
	Drummond	\$11		\$18		
	Nightcaps	\$30		\$31		
	Ohai	\$29		\$29		
	Otautau	\$18		\$25		
Wallace Takitimu Community Board Rate		\$22	\$1	\$27	\$6	\$23
District Wide	Total	\$22	\$17	\$30	\$6	\$24

Appendix 5 – Options for wastewater charges

Council's current funding approach for wastewater is as follows:

- A full charge per Separately Used or Inhabited Part (SUIP)⁶ for any residence that is connected or able to be connected but not connected,
- A half charge for any non-contiguous vacant land within the boundary which are able to be connected but are not connected, and
- A full charge per pan/urinal for all other property that is connected or able to be connected but not connected.

In considering the options for residences, a fixed charge per SUIP or rating unit is common practice across New Zealand. Given that a number of rating units in Southland have multiple dwellings on them, we believe it is more appropriate to rate based on SUIP as each of these residences puts additional demand on the wastewater assets/services and therefore receives additional benefit.

In considering the options for non-contiguous vacant land, the majority of local authorities across the country charge 50% of the full rate, however some charge as much as 75%. The higher availability charge can be appropriate where there are significant capital investment/fixed costs involved with delivery of the service, for example where there has been a significant upgrade of a wastewater system. However, we believe that the current half charge is appropriate and reflects the relative benefit that vacant properties derive from having a wastewater system available to connect to.

In considering the options for all other property, there are multiple approaches to wastewater rating that could be taken. In Southland, the majority of the properties in this category are commercial operations and typically have multiple pans. In reviewing how other councils rate for wastewater we noted that many are currently also rating on a per pan/urinal basis for other property. However, a number of councils charge a minimum number of full charges and then apply a percentage of the full rate for each pan/urinal thereafter. In considering the cause and benefit aspects of this activity and the users, consideration was given to the occupancy of the commercial properties and the impact this has on the level of impact on the assets/services and also the benefit received and hence what is paid. Based on this we believe that our current approach continues to be appropriate in the long-term.

The information on the following pages outlines the other options that we considered for setting wastewater rates.

⁶ SUIP – includes any portion inhabited or used by the owner/a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, license or other agreement. For the purposes of this definition, vacant land which is not used or inhabited is not a SUIP.

The following are additional examples of rating units with more than one separately used or inhabited part:

- Single dwelling with flat attached
- Two or more houses, flats or apartments on one Certificate of Title (rating unit)
- Business premise with flat above
- Commercial building leased to multiple tenants
- Farm property with more than one dwelling
- Council property with more than one lessee.

Option 1:

Current Approach - Charge residences a full charge, vacant land a half charge and others units pay a full charge on every pan.

	Units Charged	Differential	Rate (including GST)	20/21 Rates (including GST)
Full Charge (residences* and other units^ per pan)	9,542	1.00	\$437.64	\$4,176,070
Half Charge (Vacant Land)	830	0.50	\$218.82	\$181,621

*Residential includes land use categories of residence, lifestyle, dairy and farming

^Other includes commercial, industrial and other

Option 2:

Charge residences a full charge, vacant land a half charge and others pay one full charge for the first two connections then a half charge for every pan after the second pan.

	Units Charged	Differential	Rate (including GST)	20/21 Rates (including GST)
Full Charge (residences*)	6,766	1.00	\$487.76	\$3,300,217
Half Charge (Vacant Land)	830	0.50	\$243.88	\$202,422
For all other units^:				
1-2 pans	730	1.00	\$487.76	\$356,068
Charge per pan after the second pan	2,046	0.50	\$243.88	\$498,983

*Residential includes land use categories of residence, lifestyle, dairy and farming

^Other includes commercial, industrial and other

This would result in an increase in the full charge of \$50.12 and \$25.06 for vacant land. The other units with more than two pans would have a decrease of \$193.79 per pan for additional pans.

Option 3:

Charge residences a full charge, vacant land a half charge and others on a sliding scale depending how many connections they have as below.

	Units Charged	Differential	Rate (including GST)	20/21 Rates (including GST)
Full Charge (residences*)	6,766	1.00	\$481.20	\$3,255,829
Half Charge (Vacant Land)	830	0.50	\$240.60	\$199,700
For all other units^:				
1 pan	538	1.00	\$481.20	\$258,888
2-10 pans	891	0.80	\$384.96	\$343,003
11-20 pans	426	0.60	\$288.72	\$122,996
Over 20 pans	921	0.40	\$192.48	\$177,276

*Residential includes land use categories of residence, lifestyle, dairy and farming

^Other includes commercial, industrial and other

This would result in an increase in the full charge of \$43.56 and \$21.78 for vacant land. The other units would have a decrease of \$52.68 per pan for between 2-10 pans, \$148.92 per pan for between 11-20 pans and \$245.16 per pan for over 20 pans.

Option 4:

Charge residences a full charge, vacant land a three-quarter charge and others units pay a full charge on every pan.

	Units Charged	Differential	Rate (including GST)	20/21 Rates (including GST)
Full Charge (residences* and other units^ per pan)	9,542	1.00	\$428.71	\$4,090,821
Three quarter charge (Vacant Land)	830	0.75	\$321.53	\$266,870

*Residential includes land use categories of residence, lifestyle, dairy and farming

^Other includes commercial, industrial and other

This would result in a decrease to in the full charge of \$8.93 and an increase \$102.71 for vacant land.

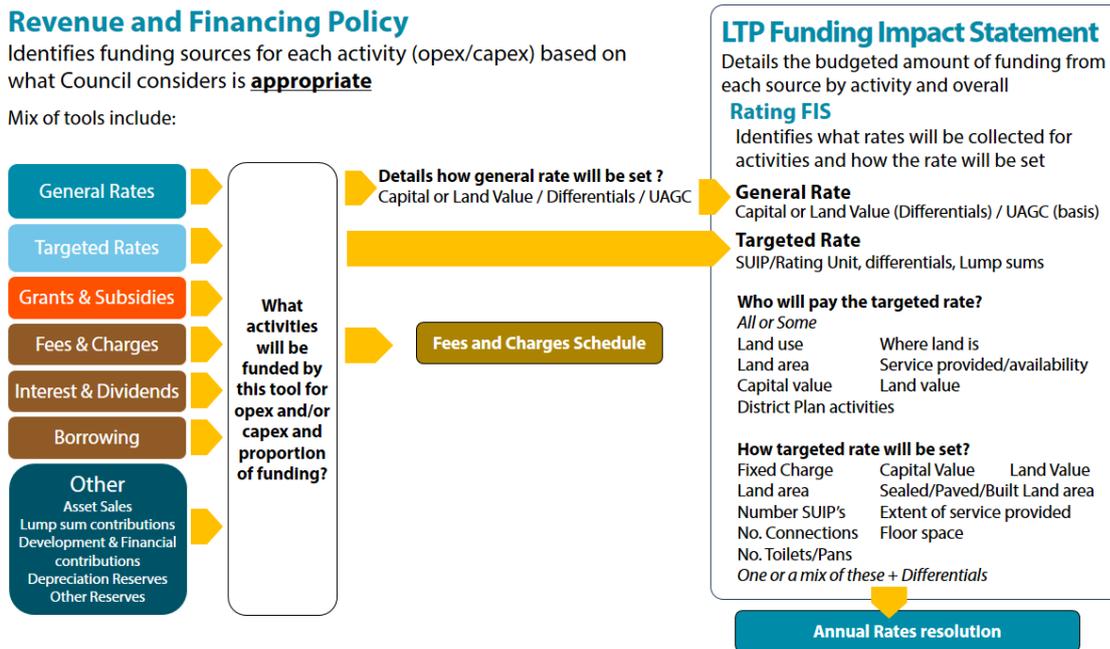
The table below shows the impact of the different options on properties with more than one pan/urinal.

	Option 1 : Current	Option 2	Option 3	Option 4	
2 pans/urinal	\$875	\$488	\$769	\$857	
5 pans/urinal	\$2,188	\$1,219	\$1,925	\$2,144	Higher number of pans / urinals usually for: Commercial accommodation Retirement villages Industrial manufacturing Retail and food/beverage businesses
10 pans/urinal	\$4,376	\$2,439	\$3,850	\$4,287	
15 pans/urinal	\$6,565	\$3,658	\$4,331	\$6,431	
25 pans/urinal	\$10,941	\$6,097	\$4,812	\$10,718	
100 pans/urinal	\$43,764	\$24,388	\$19,248	\$42,871	

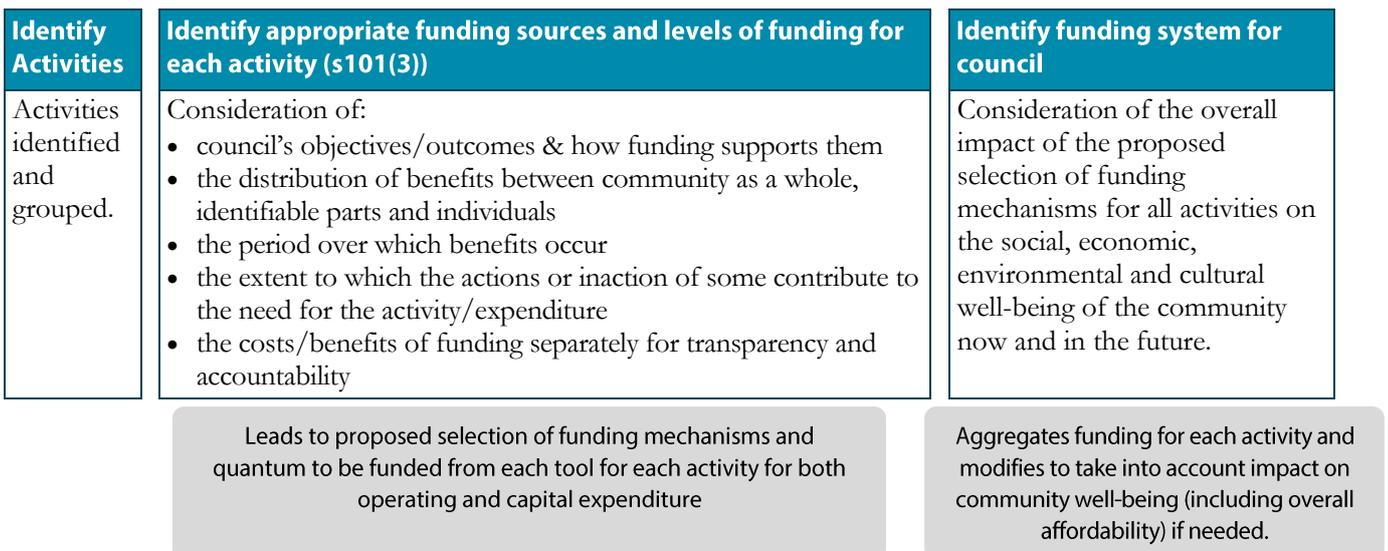
Appendix 6 – Overview of legislative considerations/context

Council is required by legislation to adopt and include a Revenue and Financing Policy in its Long Term Plan 2021-2031. This policy must be consulted on (either separately or in conjunction with the Long Term Plan) and must be adopted before the Long Term Plan is adopted. The objective of the policy is to provide the community with predictability and certainty about sources and levels of funding that we will use. The policy describes how Council will fund the operating and capital expenses for each of its activities from the various funding sources and the levels of funding provided from each source.

The Revenue and Financing Policy sets the framework for the Funding Impact Statement in the Long Term Plan and in turn the Rates Resolution; the three cascading down to provide legal compliance for setting and assessing the rates each year.



In developing its funding policy, Council must follow the following process:



We are required to give equal weight to each of the five factors identified in section 101(3). An assessment of each activity relative to each of the above factors is currently included in the "Activity Funding Analysis" section of the draft Revenue and Financing Policy.