

Policies

This section details the policies which guide Council's activities, operations and decision-making. They include policies regarding what is significant, how activities will be funded, rules for Council investing, limits on borrowing, guidance of remitting rates and rules for working with private sector organisations.

Revenue and Financing Policy

1. Introduction

The purpose of Council's Revenue and Financing Policy is to explain how the Council allocates the costs of its activities against available sources of funds. The policy is a requirement of Section 103 of the Local Government Act 2002. The application of this policy is shown in Long Term Council Community Plans and Annual Plans in the Funding Impact Statement and in the Fees and Charges Schedule which provides the detail for user charges. In general terms the Council uses a mix of funding sources as appropriate to fund activities (capital or operating).

- Operational expenditure is generally funded from current revenue, including rates, interest from investment, grants/subsidies, and various forms of user charges, reserves may also be applied.
- Capital expenditure is generally funded from rates, reserves, sale of assets (particularly where the assets are similar), grants, financial or development contributions (where a development creates additional demand, consistent with the principle that those who create the demand should pay), and borrowing (to recognise intergenerational benefits).

Further detail can be found in the activity sections of the plan.

1.1 *Distinct Rates*

Many of Council's activities are funded distinctly from other activities. In general, this is to enhance transparency about the costs of activities and in many cases to ensure that those benefiting from services (or creating the demand for service) pay for, or make a contribution towards the provision of the service. However, a balance is also required, in that too many rate types creates administrative cost, and does not necessarily assist the ratepayer in understanding what they are paying for. Council therefore also considers the financial materiality of an activity when deciding whether to rate for it distinctly or not.

1.2 *Targeted Rating*

There are limitations to the level of targeting of rates. Factors Council considers when deciding on targeting rates include, but are not limited to, the level of benefit accruing to a particular group, the availability of information (including the cost of acquiring it), impacts on wellbeing, consistency between intent of an activity and its funding sources, and affordability for ratepayers.

1.3 *Uniform Annual Charge*

Uniform annual charges are applied in recognition that the benefits of some activities accrue to all ratepayers equally. Uniform annual charges are limited to 30% of rates by the Local Government (Rating) Act 2002.

1.4 *Investment Interest*

Each year Council allocates interest earned on its investments towards subsidising rates. The interest is allocated based on the level of reserves for each activity.

1.5 *Rate Smoothing*

Each year Council forecasts its expenditure for 10 years, and then smooths the rating for that expenditure over the 10 years. This reduces the volatility in rates, as activity expenditure varies from year to year. Where rates collected in any given year are greater than expected expenditure, the surplus is retained in reserves (usually activity specific) and these reserves are then used to fund deficit years. Reserves earn interest and that interest is also used to offset activity expenditure (as noted in 1.4 above).

2. Funding Policies by Activity

2.1 Beautification

2.1.1 Activity Description

Enhancing community areas with plantings, flower baskets or gardens; mowing and maintenance of grassed areas; and planting and maintenance of trees and hedges.

2.1.2 Community Outcomes

Beautification features contribute to making Southland a great place to live by enhancing the visual appeal of townships which also helps to build community pride. These features also contribute to safe places (by indicating a residential area for traffic) and a treasured environment (through use of native plants or plantings which help to reduce noise).

2.1.3 Who Benefits / Whose acts create a need

The local community is the primary beneficiary of beautification activity, though it also enhances visitor experiences.

Period of benefit - Beautification projects have long term benefits, but require annual maintenance to retain their value.

2.1.4 Funding Sources

Operating expenses are funded from local rates, with recoveries where appropriate for specific projects.

Capital costs for this activity are limited to the usual overheads - office buildings, vehicles and equipment - and are funded through accumulated depreciation (vehicles only), rate smoothing for small projects, and loans for large projects (usually internal), all of which are recovered through rates.

Rationale - The individuals in the local community are the primary beneficiaries, and therefore are the most appropriate group to bear the costs. While there are benefits to visitors, it is difficult to quantify this, and there are also local benefits to attracting visitors.

2.2 Building Control

2.2.1 Activity Description

Consent processing and building inspection functions in line with the regulatory requirements of the New Zealand Building Act 2004. This activity also includes amusement device inspections under the Machinery Act 1950.

2.2.2 Community Outcomes

Building control contributes to a treasured environment by helping to create a healthy, safe and accessible built environment. Building consents and inspections ensure new buildings and building work in the district are of good quality so that they are safe, do not endanger public health and have appropriate facilities for their intended use. The activity also contributes to creating safe public places by ensuring appropriate provisions are made to enable people to escape in the event of fire.

2.2.3 Who Benefits / Whose acts create a need

These benefits are distributed between individual building owners, potential purchasers and all members of the community (who are assured that buildings are constructed to a recognised standard).

Those involved in construction and renovation create the need for this activity; it is also required under the New Zealand Building Act 2004, the Building Code, and the Machinery Act 1950.

Period of benefit - As buildings often have a life of 50 years, the period of benefit from this activity is extensive.

2.2.4 Funding Sources

Council estimates that 80% of the benefit from this activity accrues to private individuals and businesses, the majority of which is funded through user charges. Unfortunately, not all activities with private benefit are recoverable under the Building Act 2004. Therefore 20 - 25% of the cost of this activity is funded through the Building Regulation Rate levied district-wide.

Capital costs for this activity are limited to the usual overheads - office buildings, vehicles and equipment - and are funded through accumulated depreciation (vehicles only), rate smoothing for small projects, and loans for large projects (usually internal), all of which are recovered through rates.

Rationale - Although there is a public good element, the major benefit is to the user of the services, therefore there is a strong element of user pays. This user pays element must also be balanced in order that fees and charges do not become prohibitive, leading to evasion and long term problems with the building stock in the district.

The public good element is proportional to the capital works on a property, therefore the district rate is levied on the improvement value of each rating unit (the difference between land and capital value).

The activity is rated for distinctly in part because it is the only rate type using improvement value, as well as enhancing transparency about the level of rates funding for this activity.

2.3 Cemeteries

2.3.1 Activity Description

The cemeteries activity contributes to ensuring public health by providing appropriate facilities for interments as well as encouraging a compassionate and caring community by providing facilities where families and friends can remember others. They also contribute to making Southland a great place to live by providing a record of a community's history and heritage as well as information for people interested in their ancestry.

2.3.2 Community Outcomes

This activity contributes to making Southland a great place, where we value our history and heritage, as cemeteries are a record of that history. This activity also supports 'we are a healthy people' through the controlled interment of bodies, which protects public health.

2.3.3 Who Benefits / Whose acts create a need

The estate and family of deceased persons, residents, and the public at large benefit from the provision of cemeteries.

This activity is a requirement of the Burial and Cremation Act 1964.

Period of benefit - The historical value of cemeteries is long term, though access to the historical record would deteriorate over time without ongoing activity. The activity must be ongoing to ensure public health benefits.

2.3.4 Funding Sources

The direct costs of burial, including plot preparation and staff administration are recovered through interment fees. Maintenance of cemeteries, such as mowing, is funded from local rates.

Capital costs (largely limited to land acquisitions) may be funded from reserves, or loans that are, in turn, funded from local rates.

Rationale - The benefits of individual burials largely accrue to the deceased's estate, therefore it is appropriate that these direct costs are funded by that estate. However, there is benefit to the local area in a well maintained cemetery, both in terms of maintaining its historical value, and amenity values. Therefore the maintenance costs are funded by the local community.

Funding is from the general local rates as the expenditure is relatively low and does not merit a separate rate.

2.4 Civil Defence and Emergency Management

2.4.1 Activity Description

There is a large degree of co-operation between all four territorial authorities in Southland, through the Southland Civil Defence Emergency Management Group. This group ensures that appropriate strategies are in place to enable response to civil emergencies. Specific actions include educating residents, and ensuring a pool of trained personnel. This group will coordinate efforts where a state of emergency is declared. During smaller incidents, Southland District is responsible for the coordination of response to emergency events within the district.

2.4.2 Community Outcomes

The activity mitigates negative impacts on many community outcomes, in the event of a civil emergency. Council provides support to help communities to prepare for emergencies and to build their capacity to effectively respond to and recover quickly from emergency events. Council also has in place systems and processes to help coordinate and respond to emergency events. This contributes to restoring quality infrastructure, safe roads, safe homes, healthy lifestyles, access to health services, and ensuring a safe, healthy and accessible built environment. Preventive/proactive work also reduces the costs of recovering from emergencies.

2.4.3 Who Benefits / Whose acts create a need

Benefits are distributed between those affected by the emergency, ratepayers and the public in general whose assets may be protected or reinstated.

This activity is required under the Civil Defence and Emergency Act 2002.

Period of benefit - Maintaining the systems and strategies for civil defence is an ongoing activity. The benefits from speedy disaster recovery stretch over a lengthy period. It can take years to recover from a significant civil emergency when good recovery plans are not in place.

2.4.4 Funding Sources

The activity should be 100% funded through the Civil Defence and Rural Fire rate levied on land value, district-wide, with input from Government funding where applicable, and cost recoveries if feasible.

Capital costs for this activity are limited to the usual overheads - office buildings, vehicles and equipment - and are funded through accumulated depreciation (vehicles only), rate smoothing for small projects, and loans for large projects (usually internal), all of which are recovered through rates.

Rationale - The benefits of this activity accrue across the district, therefore a district rate is appropriate. Land value is used as it is a proxy for land area and therefore the level of risk for each ratepayer. The activity is rated for jointly with Rural Fire activities as the two activities have similar outcomes (protection against adverse events). Rating for them separately would add complexity without adding information value for ratepayers.

2.5 Community Centres

2.5.1 Activity Description

Provision of community centres for use by community groups and individuals.

2.5.2 Community Outcomes

Community centres contribute to making Southland a great place to live by providing accessible facilities for communities, clubs, organisations and individuals to enjoy sporting, social, cultural, educational and recreational pursuits. Community centres also contribute to community pride as they form a physical heart of a community and serve as a record of the communities' achievements. In addition they provide safe public places for children and families as well as contributing to healthy lifestyles by hosting active recreational pursuits.

2.5.3 Who Benefits / Whose acts create a need

The whole community benefits, as a place to meet and interact. In particular clubs and individuals who hire the halls benefit.

Period of benefit - The life of a community centre will vary, but is around 50 years.

2.5.4 Funding Sources

Approximately 90% of operating costs are sourced from community centre levies; additional funding is through user pays, fundraising and grants. Capital expenditure is funded in a similar manner, but may also include the use of loans for significant projects, to be repaid by rates.

Rationale - Local residents benefit from community centres, and therefore contribute through local rates/levies as a way to promote a healthy and vibrant rural community. There is also some private benefit to those hiring halls, so a level of user pays is also appropriate. The level of user pays is limited by the demand for the facilities, affordability, and availability of alternative facilities.

The activity may be rated for separately in local rates, which enhances transparency for local ratepayers. In some instances, the costs of the community centre are relatively low, and therefore funding is from local rates.

2.6 Community Housing

2.6.1 Activity Description

Community housing contributes to a healthy community by providing good quality affordable housing to a group with specific needs. It also fosters a compassionate caring community by allowing people, where possible, to remain living in their local community if their family home becomes inappropriate for their individual circumstances.

2.6.2 Community Outcomes

This activity contributes to having a healthy community by providing good quality affordable housing to a group with specific needs.

2.6.3 Who Benefits / Whose acts create a need

These benefits are distributed between the tenants, the families of tenants (as the units allow them more freedom) and the community who benefit from having a range of age-groups in the town.

Period of benefit - The housing units have a life of approximately 50 years.

2.6.4 Funding Sources

Direct operating costs are met from user charges (tenant rents), the Council meets the associated overhead costs and other indirect costs, approximately 15% of activity costs.

There is little capital expenditure associated with this activity, as it is a declining activity. Government subsidy is sought where modifications are required to meet the physical needs of tenants, and will be utilised, where applicable, for other projects. Proceeds from sales of housing no longer required may be applied to the remaining housing stock.

Rationale - Most of the benefits go to the tenants, therefore direct operating costs are recovered from them. It is appropriate that some of the costs of this activity are met from rates, rather than rentals, as not all costs relate to individual tenants, for example policy development, responses to central government, and fielding general enquiries.

There is a very limited capital programme as the demand for Council community housing for the elderly in some communities is decreasing, and private enterprise is increasingly providing alternatives. Council does not want to be engaged in commercial activity at the expense of entrepreneurs who are providing similar and accessible services.

2.7 District Support

2.7.1 Activity Description

District support entails the operation of eight area offices as a first point of contact for residents and ratepayers. Many of the Council's services are provided through the office staff, including enquiries, rate rebate applications, dog registration and fire permits. Area offices also provide secretarial support for Community Boards, Community Development Area Subcommittees, Committees of Council and other organisations.

2.7.2 Community Outcomes

District support contributes to strong effective leadership by providing support to local decision-makers. The activity also strengthens Council's links with the numerous communities in Southland by having local staff situated in local offices in or near these communities. The activity also contributes to a diverse economy by making the Council's services and information more easily accessible across the district.

2.7.3 Who Benefits / Whose acts create a need

These benefits accrue to ratepayers and residents who live in the areas around each office. Benefits are also received by the organisations that Council acts as an agent for, or provide accommodation for. The need for this activity is also driven by the large area serviced by Southland District Council.

Elements of this activity are also required under the Local Government Act 2002, such as support for Community Boards.

Period of benefit - Benefits from this activity only last as long as the services are provided.

2.7.4 Funding Sources

Operating costs for this activity should be 100% funded by the Council offices and District support rate levied district-wide based on capital value.

Capital costs for this activity are limited to the usual overheads - office buildings, vehicles and equipment - and are funded through accumulated depreciation (vehicles only), rate smoothing for small projects, and loans for large projects (usually internal), all of which are recovered through rates.

Rationale - While the benefits of each individual office accrue to the local area, the distribution of offices across the district means that the activity benefits the

entire district. A district-wide rate is used, therefore. While the benefits are relatively uniform, a capital value rate is used as the Council is only able to rate up to 30% of its activities from UAC under the Local Government (Rating) Act 2002.

The activity is rated for separately, as this enhances transparency about the cost of the service, in particular, this rate is a partial measure of how much support goes directly to local communities. Council considers the decentralised service is important to ratepayers, and wants to ensure that ratepayers have good information about it.

2.8 Dog and Animal Control

2.8.1 Activity Description

The dog and animal control service operates a register of dogs, investigates complaints about dogs and wandering stock, formulates and enforces animal control policy, as well as promoting responsible dog ownership.

2.8.2 Community Outcomes

Dog and animal control contributes to creating safe places (homes, public places and roads) through education, registration of dogs and dog control officer activities and responding to instances of wandering stock. The activity also contributes to a treasured environment where control activities also help to protect wildlife.

2.8.3 Who Benefits / Whose acts create a need

The benefits are distributed to users of public grounds and reserves/parks, the farming and general community, and dog owners.

Animal owners who do not restrain/contain their animals appropriately create the need for this activity.

Council is required to undertake this activity under the Dog Control Act 1996.

Period of benefit - Education and enforcement activity has a relatively short period of benefit unless it is ongoing. Benefits of micro-chipping dogs are for the lifetime of the animal (approximately 10 years).

2.8.4 Funding Sources

Dog registration fees should be set at a level that will allow the recovery of costs of retaining and updating dog registration records, the process of undertaking the registration, and the cost of employing a part-time dog control officer. The remainder of costs including the cost of rangers and other animal control activities should be funded by the Development and Promotions rate, which is a uniform annual charge (approximately 10% of the cost of Dog and Animal Control).

Capital costs for this activity include the usual overheads - office buildings, vehicles and equipment, as well as capital works for animal control facilities - and are funded through accumulated depreciation (vehicles only), rate smoothing for small projects, and loans for large projects (usually internal), all of which are recovered through rates.

Rationale - Those who cause problems should meet the associated costs. However, some costs are difficult to recover because the owner of the dog/animal is not always known. In most cases it would not be equitable to charge the complainant. The benefits of this portion of the activity, i.e. the provision of animal control infrastructure (such as rangers) accrue evenly across the district, as they are a form of nuisance control, and therefore use of uniform annual charge is appropriate.

The costs funded by Council are not significant enough to merit a separate rate.

2.9 Forestry

2.9.1 Activity Description

The Council manages 1,800 hectares of land, 1,500 hectares of which is planted in exotic forestry holdings. Some of this land was given conditionally, and must be used for forestry.

2.9.2 Community Outcomes

Forestry operations provide alternative income to offset rates but also support the achievement of other Council or community goals. This activity links most strongly with the community outcome of Southland's diverse economy being built from our strengths for growth and prosperity, as well as contributing to a treasured environment.

2.9.3 Who Benefits / Whose acts create a need

The district as a whole benefits from this activity, as it generates income for Council which is used to offset general rates.

Period of benefit - The benefits of this activity are long term, as it generates ongoing revenue streams. Forests mature at between 30 and 45 years.

2.9.4 Funding Sources

Revenue generated from sale of wood covers the expenses of the forestry activity.

Rationale - Revenue from forestry activity benefits the entire district by offsetting general rates.

2.10 Grants and Donations

2.10.1 Activity Description

Council provides funding for scholarships, grants, and donations so that district residents have access to community funding, assistance with community development, and to help finance cultural, social, and recreational services. Council also makes grants to some Council-related organisations, these are covered specifically in other sections.

2.10.2 Community Outcomes

Primarily this activity empowers citizens and communities by providing financial assistance for their activities, which in turn may promote any of the seven community outcomes, depending on the nature of the project.

Scholarships promote a well-educated and skilled community; and other grants promote better community facilities, community self help, and encouragement of young people contribute to making Southland a great place to live.

2.10.3 Who Benefits / Whose acts create a need

These benefits are distributed between the communities at large; sports, recreational and other groups; and individuals (sponsorship recipients). There is also benefit to the wider community, as grants generally support activities where there is a broader interest (grants policies generally require applicants to have raised a "local share" to demonstrate this).

Period of benefit - The period of benefit varies between projects, but is often lengthy, particularly where community facilities are built, or a scholarship is granted. Strengthening communities also has a long term benefit.

2.10.4 Funding Sources

This activity is funded from a range of sources:

- Development and Promotions rate levied district-wide, which is a uniform annual charge;
- Specific rates for one-off projects, where appropriate, such as the Regional Initiative Rate 2008/2009;
- Council Reserves where appropriate; and
- Investment income from specific funds (such as the Ohai Railway Fund).

There are no capital costs for this activity.

Rationale - There are broad spill over benefits from the grants and donations programme to the community as a whole. Further, any form of targeting rates would undermine the purpose of the activity. Some grant and donation activity has a specific fund, which is used for a stated set of purposes.

The majority of this activity is rated for alongside other development and promotion activity, including Venture Southland's economic and community development activity, as the outcomes are similar, the benefits are evenly distributed across the district for all the activities (making a uniform annual charge an appropriate mechanism), and there is little additional benefit to be gained from rating the activity distinctly.

However, from time to time, Council and the community may prefer to use a specific rate for one-off projects. This enhances transparency by ensuring that the reasons for the increase in rates are clear, and that when the project is complete, the specific rate will be removed.

2.11 Health Regulation

2.11.1 Activity Description

Registration and inspection of premises that prepare or sell food, education activities, preparing public information, issuing liquor licences, monitoring licence compliance, and nuisance control including noise, smoke, pest control and hazardous substances.

2.11.2 Community Outcomes

Health regulation contributes to having healthy people by protecting public health through registration and inspection of premises that prepare or sell food, licensing and monitoring premises that sell alcohol to ensure that they conduct their business to required standards and carrying out hazardous substance inspection and enforcement on behalf of Occupational Safety and Health. The investigation of nuisance complaints such as noise, smoke, odours and pests also contribute to a healthy community and a treasured environment by minimising the effect of such nuisances on people or the receiving environment.

2.11.3 Who Benefits / Whose acts create a need

Food and Beverage Premise Regulation

These benefits are distributed to consumers who benefit from the knowledge that the food purchased is being processed and stored in accordance with current standards. In addition, regular inspections of Sale of Liquor premises ensure that the premises have a certified manager in charge to ensure that the requirements of the Act are being complied with, with benefits to patrons and the wider public.

Suppliers of food and alcohol create the need for this activity, as their businesses must be monitored.

Nuisance Control

The control of nuisances including noise, hazardous substances, infectious disease and pests benefits the wider public. Those responsible for creating nuisances and those dealing with hazardous materials create the need for this activity.

There is a legal requirement for undertaking this activity (Sale of Liquor Act 1989, Health Act 1956, Food Act 1981, Resource Management Act 1991, Hazardous Substances and New Organisms Act 1996, and related regulations and bylaws).

Period of benefit - Individual initiatives or activities may have only a small period of benefit, however the maintenance of the activity creates a healthy environment that becomes 'business as usual' and so has a level of ongoing benefits.

2.11.4 Funding Sources

Nuisance control is funded as part of the uniform annual charge for public health service. Additional funding is also provided by Occupational Safety and Health for part of the activity (related to hazardous substances). Inspection of food premises, investigation of food complaints, and liquor licensing is funded from user charges.

Capital costs for this activity are limited to the usual overheads - office buildings, vehicles and equipment - and are funded through accumulated depreciation (vehicles only), rate smoothing for small projects, and loans for large projects (usually internal), all of which are recovered through rates.

Rationale - User pays is appropriate for inspections and licensing, as the primary beneficiary is readily identifiable (the business and its patrons).

There is a strong public benefit in nuisance control, further it is not always possible to identify the source and charge the exacerbator, therefore funding is based on public benefit. Therefore Council funds this service by way of a District wide uniform annual charge. The activity is rated for distinctly as it is a significant part of Council activity and a separate rate enhances transparency. The hazardous substances portion of this activity is the responsibility of Environment Southland, and therefore funded by that organisation.

2.12 Library Service

2.12.1 Activity Description

Provision of coordinated district library service through local libraries, provision of the mobile book bus, educational programmes and activities, and internet access.

2.12.2 Community Outcomes

The Library Service contributes to making Southland a great place to live by providing quality places to go and things to do through the services provided as well as a place where history and heritage is recorded. As a community recreation facility they are accessible and their services can enrich people's lives and expand their horizons. As public spaces they allow for social contact and are a reflection of the local community identity. The library service also assists in creating a well-educated and skilled community by providing access to a range of resources and information as well as making learning opportunities accessible and delivering innovative programmes. Libraries also contribute to creating a diverse economy by supporting skill development, empowering people to be self-sufficient and providing information relevant to businesses.

2.12.3 Who Benefits / Whose acts create a need

Individuals who use the library benefit from this service, as does the community as a whole, through spill over benefits.

Period of benefit - The benefits to individuals in accessing information and learning are long term. The life of the assets (books, computers etc) varies.

2.12.4 Funding Sources

Operating costs for this activity is funded 90-95% from rates, levied through a combination of a district-wide uniform annual charge (the Library Services Rate), and local rates depending on local community preferences. The remaining 5-10% is funded from user charges and overdue fines. Council aims to move to 90% rates funding over time. In addition, internet services are funded by central government.

The usual overheads also apply - office buildings, vehicles and equipment - and are funded through accumulated depreciation (vehicles only), rate smoothing for small projects, and loans for large projects (usually internal), all of which are recovered through rates.

Rationale - While it would be relatively easy to apply a user charges model, it would likely result in restricting access to the service, which Council does not consider desirable or consistent with the purpose of providing library services. There is a significant degree of public benefit to the provision of the library service, and this is borne out by the consistently positive response from ratepayers about the service. Individual libraries are also distributed across the district to maximise access. Council therefore considers that the bulk of the service should be funded by the district as a whole. Local funding reflect additional levels of service sought by the local community.

The activity is rated for separately, as this enhances transparency about the cost of the service. The service is important to ratepayers, and rating separately ensures that ratepayers have good information about it.

In the case of local contributions, these are relatively small and do not merit a separate rate. The purchase of additional books and library services also has similar outcomes to other amenities provided through local rates.

2.13 Parks and Reserves

2.13.1 Activity Description

Provision and maintenance of parks, and reserves.

2.13.2 Community Outcomes

Parks and reserves contribute to making Southland a great place to live because they give the community a choice of quality places to go and things to do. They provide areas for people to socialise and participate in a range of recreation and sporting activities which also supports healthy lifestyles. They also contribute to a treasured environment where reserves and open spaces give people an appreciation of the natural environment and also provide protection for specific areas of native flora and fauna. The maintenance of parks and reserves also ensures that they are public places which are safe for children and families. Parks and reserves also contribute to a diverse economy by providing places of interest for tourists as well as forming part of the Southland lifestyle that helps to attract and retain the workforce.

2.13.3 Who Benefits / Whose acts create a need

The community as a whole benefits from recreational opportunities. There are also benefits to businesses, such as tourism.

This activity is required under the Reserves Act 1977.

Period of benefit - The life of a park or reserve is extensive, though the gardens and/or playground equipment require regular maintenance.

2.13.4 Funding Sources

The majority of operating costs are funded from rates (a mix of local and district, depending on who holds responsibility). Rates may be offset by revenue from reserve users and occupiers, such as sports groups or events. These vary between grounds and over time.

Capital works are also funded this way, though loans may also be used. Capital works related to expansion of facilities may be funded through financial or development contributions.

Rationale - The benefits are a mix of personal (recreational benefit), local (pleasant environment, healthier population, facilities for sports groups etc), and district (Southland is a great place to live); therefore a mixed approach to funding capital and operational costs is appropriate. Furthermore a user pays system may impede access and is not always practicable.

This activity is not rated for distinctly. The mix of rate types used (local and district) means that a separate rate would not enhance transparency about the cost of the activity overall, and would add significant complexity to the rating structure. Further in most instances the various rates would be very small.

Where new developments create additional demand for facilities, it is appropriate for the developer to contribute to the costs of new or expanded reserves and playgrounds.

2.14 Public Conveniences

2.14.1 Activity Description

Provision and maintenance of public toilets, and other convenience facilities in all townships and strategic locations such as reserves, beaches and other public gathering spots.

2.14.2 Community Outcomes

Public conveniences contribute to a treasured environment, in particular a healthy safe environment by providing facilities to appropriately deal with human waste from visitors and residents.

The conveniences, located throughout Southland, also minimise the negative effects of human activities and help to protect public health by preventing contamination caused by indiscriminate fouling, which could otherwise pollute waterways.

2.14.3 Who Benefits / Whose acts create a need

Public conveniences benefit residents and visitors through the provision of facilities, as well as the broader public through public health benefits. Visitors and users of recreational spaces create the need for these facilities.

Period of benefit - The life of individual facilities varies, but is around 20 to 40 years.

2.14.4 Funding Sources

Council applies a range of funding policies, depending on the nature of the facility. The funding mix for each type of facility is made up of different types of rates (district, local or ward) and, where appropriate, user charges.

| Type of Facility | Code | Description | Funding Source |
|------------------------|------|--|--|
| Bus Stop Facilities | B1 | High use facilities, with numerous buses stopping daily | District funding, with introduction of user charges as appropriate |
| | B2 | Facilities that service a high number of travellers, as well as a number of buses | 75% district funded, with introduction of user charges as appropriate, and the balance from local rates |
| | | | District funding for B1 and B2 facilities is restricted to one site per community |
| Travellers' Facilities | T | Facilities located on main routes for travellers/tourists. Level of use is moderate to high. | 50% district funded (limited to one site per community), 50% local rates |
| Destination Facilities | D | Facilities on sites where people travel to, such as popular reserves and beaches. Use is generally high during weekends and summer. | District reserve facilities are 100% district funded. Other facilities 50% local rates and 50% district (multiple sites will be considered on a case by case basis in this category) |
| Local Facilities | L | Facilities catering primarily for local residents. Generally situated in smaller towns, and strategically in larger towns (near playgrounds and commercial centres). Use is generally low, except during sporting or similar events. | 100% local rates. |

The above funding policies apply to both capital and operating expenses. Capital works may be funded from reserves or loans in the first instance and recovered by rates.

Rationale - Provision of public conveniences has a strong public benefit. However, the breadth of that benefit depends on the nature of the facilities. At one end of the spectrum, those facilities that service high levels of tourists benefit the district as a whole, by making Southland a clean, attractive, and user friendly destination. Facilities with a district-wide benefit should, therefore, receive district funding. Those facilities at the other end of the spectrum, which mostly service local residents, and therefore are of local benefit, should be funded locally. Facilities servicing a mix of local residents and visitors should receive a mix of local and district funding.

In some cases it may also be possible to introduce a degree of user charges to high use facilities. This will only be possible where the facilities have consistent high volumes, and where charges are not prohibitive.

Public conveniences are not rated for separately, as the amounts are relatively small, and spread across the various rate types. A distinct rate would not, therefore, enhance transparency.

2.15 Regional Heritage

2.15.1 Activity Description

The Southland Regional Heritage Trust is a strong supporter of museums in Southland and supports specific heritage projects that preserve or promote the Story of Southland. Council makes an annual grant to the Trust. Specific activities of the Trust include making grants to community groups, provision of a roving museum officer who supports small, community-based museums, and grants to the region's major museums.

2.15.2 Community Outcomes

The Regional Heritage grant contributes to making Southland a great place to live, by valuing our history and heritage, and supporting a range of quality places to go and things to do. The grant also supports a well educated community by providing high quality and ongoing learning opportunities through museums, heritage publications and other activities.

2.15.3 Who Benefits / Whose acts create a need

The district as a whole benefits from the preservation of our heritage, and the provision of the cultural and recreational opportunities associated. Further, the benefit extends to all residents in, and visitors to, the Southland region.

There are no capital costs for Council in this activity. Any capital expenditure the Trust may choose to undertake is funded from grants it receives (including the Council grant).

Period of benefit - Preserving our heritage has medium term benefits, as preservation needs to be ongoing.

2.15.4 Funding Sources

The Council believes that the costs should be recovered from a regionally based funding formula with Council's portion being funded through a uniform annual charge per separately used or inhabited part of a rating unit (the Regional Heritage Rate).

Rationale - Benefits accrue equally to all members of the community, therefore a uniform annual charge is appropriate. The benefit of rating for this activity distinctly is that the level of heritage spending is transparent, and the costs of doing so are relatively low.

2.16 Representation and Advocacy

2.16.1 Activity Description

Council encourages decision-making at a range of levels - centrally by Council, and at local levels, through Community Boards, Community Development Area Subcommittees and other Council committees. This is to assist, as far as practicable, that those paying for and receiving services are also making the decisions about those services. Council also seeks input from young people in the district through the Youth Council.

Council also plays a strong advocacy role in representing local interest by way of submissions, deputations and lobbying to regional and central government and other relevant agencies. Council is proactive in ensuring there is appropriate representation on national working parties and organisations so that a southern and/or rural voice is heard.

This activity is also legislative requirement (Local Government Act 2002, Resource Management Act 1991).

2.16.2 Community Outcomes

This activity primarily contributes to strong, effective leadership, by empowering and enabling local people to make decisions. Decentralised decision-making structures tend to make community leaders more accessible therefore helping to build confidence in them. It also contributes to Southland being a great place to live, by ensuring that local perspectives are considered in decisions and a Southland perspective is heard in national decision-making.

2.16.3 Who Benefits / Whose acts create a need

The whole community benefits from this activity, including residents and ratepayers. It ensures people can have input to establishing the policies of Council, and there is representation from communities of interest.

Much of this activity is required under the Local Government Act 2002.

Period of benefit - The majority of benefits from this activity last as long as the community has good representation. Advocacy on specific issues may have long term benefits for the community.

2.16.4 Funding Sources

This activity is funded by a mix of local rates and the Representation rate, which is a uniform annual charge per rateable unit district-wide.

Capital costs for this activity are limited to the usual overheads - office buildings, vehicles and equipment - and are funded through accumulated depreciation (vehicles only), rate smoothing for small projects, and loans for large projects (usually internal), all of which are recovered through rates.

Rationale - Representation and Advocacy benefits are distributed between all residents and/or ratepayers equally. Rating distinctly for this activity provides ratepayers with transparency about the costs of representation and advocacy.

2.17 Resource Management

2.17.1 Activity Description

This activity includes the development and ongoing work associated with the District Plan, providing general information, processing of resource consent applications and monitoring compliance with the District Plan.

2.17.2 Community Outcomes

The Resource Management activity contributes to a treasured environment by ensuring sustainable management of natural and physical resources in a way that retains the unique values and character of the district. This is managed through the District Plan and resource consents both of which help to ensure that land use is appropriate, that there is sound planning surrounding land development and any effects on the environment are monitored. The activity also contributes to healthy people (through a clean environment), a great place (by protecting significant heritage sites), safe places (by setting development standards), and a diverse economy (by having clear and stable regulation). The resource management activity also contributes to strong effective leadership by ensuring that people can have input into the management of Southland's natural resources.

2.17.3 Who Benefits / Whose acts create a need

These benefits are distributed between the applicant (who has the legal certainty to proceed with their activity), and the general public (who are assured that environment is managed).

Both rural and urban development create the need for this activity, as they use resources including land, and this use needs to be managed in a sustainable manner for the district as a whole. There is also a legal requirement for this activity (Resource Management Act 1991).

Period of benefit - Protecting the environment has long term benefits, but ongoing activity is required in order to maintain these.

2.17.4 Funding Sources

At least 85% of costs associated with resource consent applications (processing and scheduled monitoring) are to be funded through user pays (Resource consent fees, PIM and LIM fees).

Development and review of the District Plan; investigation of complaints (where not recoverable); any unrecovered costs associated with consents; and provision of general information are funded by the Strategy Policy and Planning rate, which is made up of a uniform annual charge per rateable unit and a capital value rate.

Capital costs for this activity are limited to the usual overheads - office buildings, vehicles and equipment - and are funded through accumulated depreciation (vehicles only), rate smoothing for small projects, and loans for large projects (usually internal), all of which are recovered through rates.

Rationale - As the applicant benefits directly, the applicant should pay for the costs of receiving, processing, hearing and deciding on an application, and also for the full costs of monitoring.

The development and review of the District Plan, itself, has community wide benefits and therefore should be funded from a district rate.

Resource Management is not rated for distinctly, as the portion funded from rates (planning) has similar outcomes to strategic planning, policy development, and communications. These are therefore grouped together. In addition, the portion of this activity funded from rates is relatively small, and therefore a separate rate is not merited.

2.18 Rooding and Transport

2.18.1 Activity Description

Council administers and maintains the district's roading and bridging network (some 5,000 km of network), excluding State Highways (maintained by the New Zealand Transport Agency). Council also provides footpaths, streetlights, carparks, and noxious plant control. In addition Council contributes to the Total Mobility Scheme.

2.18.2 Community Outcomes

This activity contributes to economic outcomes by providing an effective network for moving goods and services and a corridor for utility companies to establish their networks. It also contributes to safe places, by maintaining the roads so that they are safe. The activity, through the total mobility scheme and disabled parking, contributes to healthy people by assisting with transport for those who are less mobile.

Active aspects of the network (walkways, footpaths, cycleways) also assist people to be active and healthy. The activity also contributes to making Southland a great place to live by providing people with access to their land, homes, schools, social centres and recreational centres.

2.18.3 Who Benefits / Whose acts create a need

These benefits are distributed between the community as a whole, utility companies, commercial enterprises and individuals.

Freight of goods is a significant generator for the need for the level of this activity, particularly in maintenance and upgrade of the roads, as trucks do the most structural and pavement damage.

There is also a legal requirement for this activity (Local Government Act 2002, Land Transport Management Act 2003, Transit New Zealand Act 1989).

Period of benefit - The design life of the roads is 25 years, though the life of some sections can be up to 50 years. Structures (such as bridges) are designed to last at least 25 years.

2.18.4 Funding Sources

Rooding is funded from a mix of rates and central government subsidy. Rooding costs are funded from:

- Central government subsidy;
- Uniform annual charge set at 10% of roading costs funded by rates; and
- Targeted roading rate for each of the following sectors: commercial, dairy, farming, forestry, industrial, lifestyle, mining, residential, and 'other'.

The targeted rate is calculated as follows:

- General roading costs are allocated between sectors by capital value.
- Structural/pavement costs, which are generated by heavy traffic, are allocated by tonnage in the case of rural sectors, and apportioned between the commercial and industrial sectors by the number of properties.
- A percentage share of costs is then established for each sector.
- A targeted rate is set for each sector based on their share of costs and levied on the capital value of each rateable unit.

This funding covers both capital and operating expenditure.

Local amenities are funded through local rates (streetworks and noxious plant control), with some capital projects and emergency repairs (such as slips) funded through loans (recovered from rates subsequently).

The Council may require subdividers and developers to pay a financial contribution under the Resource Management Act 1991 towards the capital cost of upgrade works required to cater for the increased demand generated by the development, the lending costs associated with capital works may also be recovered through financial contributions. The amount of the contribution is assessed on a case by case basis, (District Plan, Financial and Development Contributions Policy refer).

There are also some services provided on a user pays basis, Fees and Charges Schedule refers.

Rationale - Council considers user pays is an appropriate method of funding the roading and transport network. Council wants central government to become a more active partner in the funding and management of public roads, in particular to return all levies/taxes generated from Southland District (fuel excise, road user charges, and registration fees) to Southland District, either through State Highway investment or as subsidy to Southland District roading activity. Council considers that up to 90% of district roading should be funded this way.

However, at the current time, central government provides just over 50% of costs of maintaining our roads, therefore, Council's second best option is as follows:

- General costs of having the roading network (basic maintenance, drainage etc) have benefit to all users, though some benefit from the network more than others i.e. they use it more. Council, therefore considers that general roading costs should be allocated capital value (the size of a property and the level of improvement being indicators of road use and ability to pay).
- Pavement or structural costs are repairs to the road required because of heavy traffic. Costs are therefore allocated to each sector based on: tonnage for the rural sector; and the number of properties for the urban sector. And then within each sector, a rate on capital value is applied to reflect relative levels of activity of large firms versus smaller ones. This is the most cost-effective and readily available approximation to a user pays method that a rating tool can achieve.

- Local services, i.e. streetworks and plant control, benefit the local community/land owners, and should therefore be funded from local rates, or grants.

The majority of the Roding and Transport activity is rated for distinctly, as this activity is a financially significant part of Council activity, and a distinct rate best supports a user pays approach. The degree to which user pays is applied is limited by the availability of information and costs of applying a targeted rating system. A sectoral approach is used, as the best compromise between administrative cost and user pays.

Local services are rated for through township rates, as they are local services, but not material enough to rate for distinctly beyond location, loans may also be used. Local roading and transport services also have similar outcomes to other local amenities funded through township rates.

2.19 Southern Rural Fire Authority

2.19.1 Activity Description

The Southern Rural Fire Authority manages rural fire responsibilities at a regional level, including training fire-fighters and public education. Council makes an annual grant to support the Authority, in recognition of services provided for the Southland District. By supporting a regional effort, the district benefits from economies of scale.

2.19.2 Community Outcomes

As rural fire protects economic assets, it supports the outcome of a diverse economy built from our strengths for growth and prosperity. Protecting against and responding to hazardous fire also supports a treasured environment we care for and which supports Southlanders now and into the future.

2.19.3 Who Benefits / Whose acts create a need

The benefits are distributed between the public, who are protected from fire hazards; asset owners, as risks and insurance costs are reduced; and the environment, as damage from fire is minimised. This is achieved through good planning, and management of fire control measures (including permits).

The need for this activity arises due to a combination of natural hazards, the need to use fire in agriculture and forestry activity, and dangerous fires. This activity is also a legal requirement (Forests and Rural Fires Act 1977).

Period of benefit - Active, ongoing management is required, so the period of benefit is relatively short should the activity cease.

2.19.4 Funding Sources

The grant to Southern Rural Fire is funded 100% by the Civil Defence and Rural Fire rate levied district-wide based on land value. The grant contributes to both capital and operating expenditure.

Rationale - The broad benefits of this activity accrue across the district, therefore a district rate for Council's contribution to Southern Rural Fire is appropriate. Land value is used, as it is a proxy for land area and therefore the level of risk. Southern Rural Fire also uses cost recovery where appropriate, in order that exacerbators make a contribution towards costs.

The activity is rated for jointly with Rural Fire activities as the two activities have similar outcomes (protection against adverse events). Rating for them separately would add complexity without adding information value for ratepayers.

2.20 Stewart Island Electricity Supply Authority - SIESA

2.20.1 Activity Description

SIESA is responsible for supply of electricity (generation and distribution), development of renewable power generation, and promotion of energy efficiency on Stewart Island. SIESA also undertakes waste collection and operation of the Rakiura Resource Recovery Centre.

2.20.2 Community Outcomes

A reliable and economically viable electricity supply is an important component of community wellbeing and as such contributes to several outcomes. The supply contributes to a diverse economy by generating and supplying electricity which enables both business and industry to operate on Stewart Island. By providing a single electricity supply with multiple consumers, the committed costs are shared, which reduces costs to individuals thereby assisting the local economy. The service also contributes to healthy people through energy efficient initiatives which have benefits by creating warmer, healthier homes as well as providing electricity to health services located on the Island. In addition, one reliable electricity supply also contributes to a treasured environment by negating the necessity of each individual supplying their own generating system which could generate more carbon emissions.

2.20.3 Who Benefits / Whose acts create a need

Residents, businesses, and visitors on Stewart Island both create the need for and benefit from this activity.

Period of benefit - Solar panels and wind turbines have a life of approximately 20 years, diesel turbines 4 - 6 years. The reticulation assets (electricity lines etc) have a life of over 40 years. Reducing dependency on diesel, and increasing renewable energy sources will have long term environmental benefits.

2.20.4 Funding Sources

Electricity generation and distribution is recovered through a tariff structure applicable to consumers. Waste management (including recycling) is funded through a uniform annual charge per separately used or inhabited part of a rating unit (the Stewart Island Waste Management Rate).

In general, capital expenditure is funded from reserves and asset sales, though loans may also be used for urgent repairs or upgrades.

The renewable energy and energy efficiency sub-activities are (or will be) funded from a range of sources, including tariff structure applicable to consumers, externally sourced subsidies, reserves, and loans. The details will be determined based on the results of the 2008/2009 trial, and available funding opportunities.

Rationale - The beneficiaries are clearly identifiable and have exclusive use of the services, therefore a user pays approach is applied for operational expenses, and rated for distinctly.

For infrastructure investment, it is appropriate to use existing balance sheet resources, and source third party funding in order to minimise costs to residents.

2.21 Solid Waste Management

2.21.1 Activity Description

Council actively promotes and advocates waste minimisation initiatives. It provides kerbside collection for solid waste in areas where it is cost-effective to do so, and provides waste transfer stations, recycling services, and greenwaste sites. Council is also investigating, and may implement a multi-bin kerbside service that incorporates recycling and greenwaste.

2.21.2 Community Outcomes

Solid waste management contributes to a treasured environment which we care for, through the controlled disposal of waste (kerbside collections and transfer stations), reducing litter and illegal dumping, as well as looking at initiatives to minimise waste (kerbside collections of recyclables and organics) and ensure resources are used efficiently. Solid waste management also contributes to healthy people (by reducing the risk of diseases spreading), safe public places and quality places to go (by reducing litter and illegal dumping) as well as a diverse economy (by ensuring that business and industry have access to secure waste disposal services to support their operations).

2.21.3 Who Benefits / Whose acts create a need

All residents and visitors to Southland create the need for this activity. There is also a need for, and education about, waste minimisation.

The benefits are distributed between residents of the area, and the district as a whole where the environment is kept clean and waste is minimised.

There is a legal requirement to provide this activity (Health Act 1956, Resource Management Act 1991, Local Government Act 2002, Waste Minimisation Act 2008).

Period of benefit - There are both short term benefits to solid waste management (rubbish is not on the street), and long term (recycling of waste, and minimising harm to public health).

2.21.4 Funding Sources

Litter collection from street bins should be fully funded from local rates.

Rubbish collection services (wheelie bins, and if introduced, kerbside recycling) shall be funded from targeted rates.

Other operating expenditure under this activity should be funded:

- 40-75% funded through the Waste Management rate levied district-wide based on a targeted uniform annual charge per rateable unit and a capital value rate; and
- 25-60% user charges via transfer station charges, these charges are standardised across the district.

There is a wide range in funding sources due to the potential introduction of multi-bin kerbside recycling, and the impacts that may have on transfer station volumes.

Capital expenditure (such as land acquisition) is funded from reserves or rates, as appropriate.

Rationale - Litter collection has local benefit, and therefore the local community should pay for the service.

The wheelie bin rate (and if introduced, a targeted rate for kerbside recycling) recognises that the benefit of these services primarily benefits the individual, and that their actions (i.e. generating rubbish) are creating the need for the services. The uniform annual charge component directs costs away from land value based rating effects and recognises the limitations of other rating mechanisms. A rate based on capital value reflects the benefits that environmental protection has in preserving property values and potential service demand, i.e. the more developed a property, the more refuse it generates.

User charges at transfer stations are also applied for the same reasons, but are not full cost recovery for two reasons:

Firstly, due to the benefit to the district, charges are set uniformly (same at each station), rather than reflecting the running costs of individual transfer stations. Council considers that the charge should be based on the level of service for the district, rather than local cost.

Secondly, Council is aware of the need to ensure that charges do not discourage people from using transfer stations. If transfer station fees were too high it could result in illegal dumping, which would be a cost to the entire community (this would arise if the fee was set at full cost recovery for the network, or cost recovery at individual transfer stations). There is also an element of public good in having a clean environment, including public health and safety, which justifies some funding at the district level.

The distinct rates and fees structure is designed to create transparency about the costs of this activity and to ensure that beneficiaries contribute towards those costs.

2.22 Stormwater

2.22.1 Activity Description

Provision of reticulated stormwater infrastructure for significant urban areas, partial services for smaller towns, as well as managing open watercourses in several rural catchments.

2.22.2 Community Outcomes

Stormwater makes a contribution to ensuring a treasured environment by preventing rainfall from causing flooding. As such, the activity protects people's property (the built environment), improves safety by reducing likelihood of flooding, and prevents accessibility problems which may otherwise be caused during flooding events. In addition, the system helps to protect the environment and protect public health by disposing of stormwater (usually into water) in a controlled and where necessary, treated process. The prevention of flooding also contributes to a diverse economy by protecting businesses and infrastructure from flooding.

2.22.3 Who Benefits / Whose acts create a need

Property owners benefit from flood protection, the community as a whole benefits from environmental, health, and economic outcomes.

Increasingly, spillage of chemicals (including detergents) into stormwater systems is creating a need to treat stormwater discharges.

There is a legislative requirement to maintain services under the Local Government Act 2002, once they have been established.

Period of benefit - On average, stormwater reticulation systems have a life of 70 years, though this will vary.

2.22.4 Funding Sources

Local stormwater systems are funded through local rates. Rooding stormwater systems (not in townships) are funded through the rooding rate (refer to the Rooding and Transport section). Rates are used for both capital and operating expenditure, loans and reserves may also be used.

New developments may also contribute to capital works, or financing costs, through financial or development contributions where applicable.

Rationale - The beneficiaries for local systems are clearly identifiable as the townships and all properties within it. As the activity is a relatively small proportion of local expenditure it is generally incorporated into local township rates. Some communities have, however, opted to rate for it separately.

Use of financial or development contributions ensures that new developments bear their true costs.

2.23 Strategy and Communication

2.23.1 Activity Description

Council's planning processes, including the Long Term Council Community Plan (LTCCP) and the District Plan, along with the development of policy are the main processes Council, Community Boards and Community Development Area Subcommittees have to ensure community requirements and priorities are identified and appropriate actions undertaken.

Public input is a vital element in the formation of plans and policies. The Council communicates with residents and ratepayers in a variety of ways to keep the public informed and enable people to participate in the consultation process from a sound base of knowledge.

2.23.2 Community Outcomes

The Strategy and Communication activity contributes to strong, effective leadership by ensuring decisions are forward looking and in line with the communities expectations. As this activity enables the community to engage with decision-making, it also empowers citizens. Robust strategy and communication in particular also enhance the communities' confidence in their leaders by ensuring that people are informed of Council's decisions and have the opportunity to participate.

2.23.3 Who Benefits / Whose acts create a need

The whole district benefits from long term and robust plans and activities that meet the needs of the community.

This activity is also legislative requirement (Local Government Act 2002, Resource Management Act 1991).

Period of benefit - The plans have long term implications for Council business, and the community.

2.23.4 Funding Sources

Council believes that the activity should be largely funded by the Strategy Policy and Planning rate which is made up of a uniform annual charge per rateable unit and a capital value rate. Additional funding may come from projects for external organisations that Council has connections with and may provide support to, from time to time.

Capital costs for this activity are limited to the usual overheads - office buildings, vehicles and equipment - and are funded through accumulated depreciation (vehicles only), rate smoothing for small projects, and loans for large projects (usually internal), all of which are recovered through rates.

Rationale - The benefits are distributed between all residents and ratepayers, therefore a district approach is best. While the benefits are relatively uniform, a capital value rate is used to part fund this activity as the Council is only able to rate up to 30% of its activities from uniform annual charges under the Local Government (Rating) Act 2002.

This activity is rated for distinctly, as it is a significant cost of Council, and rating for it separately ensures that ratepayers have good information about it.

2.24 Te Anau Airports

2.24.1 Activity Description

Management and ownership of the Te Anau Airports (Manapouri and Te Anau), including the consolidation on to and upgrade of the Manapouri site.

2.24.2 Community Outcomes

The airport contributes to the community outcome of a diverse economy as it provides a transportation service to local tourism operators, industries and residents. The activity also contributes to safe places as the airports provide for air-based emergency access which can act as an alternative to road transport in an emergency.

2.24.3 Who Benefits / Whose acts create a need

The Te Anau Ward gains economic benefit from moving goods and people in and out of the Te Anau basin.

Period of benefit - The life of the new airport facility is approximately 25 years.

2.24.4 Funding Sources

Council aims to fund operating costs through user charges, with contributions from local rates by uniform annual charge on all rateable units in the Te Anau Ward (Airport Rate) to make up any shortfall.

Capital costs of the development of the Manapouri - Te Anau Airport are funded from the sale of the Te Anau airport land and loans to be repaid via the Airport Rate (as above).

Rationale - The day to day operations will benefit those using the airport (commercial and recreational), and therefore user pays is appropriate. However, the airport has level fixed operating costs i.e. costs that must be met regardless of the level of use, and charges must also be affordable.

As there are economic benefits to the ward as a whole, local rates will make a contribution towards the operating costs and the investment costs. The distinct rate enhances the transparency of the cost of the new facilities.

2.25 Venture Southland (Economic Development, Destinalational Marketing, and Community Development and Events)

2.25.1 Activity Description

Venture Southland undertakes Economic Development; Destinalational Marketing; and Community Development and Events for the Southland region as a whole. A region-wide approach enables economies of scale, and a stronger voice for Southland. The Council has a level of service agreement with Venture Southland that emphasises particular services for the district. In particular Council purchases additional community development capacity to work with our diverse communities and ensure local priorities are identified and addressed. Council makes an annual grant to Venture Southland for these activities.

2.25.2 Community Outcomes

Venture Southland (through their activities) contributes to making Southland a great place to live by promoting Southland's image, supporting creative and heritage activities, developing recreation activities and assisting with development initiatives for communities. Venture's activities also support a diverse economy by facilitating infrastructure improvements, identifying and promoting areas of competitive advantage, facilitating job creation and

attracting/retaining a skilled labour force and promoting Southland as a tourism destination.

Their operations also contribute to strong effective leadership by empowering citizens and communities and supporting project development and seeking engagement through concept plans which promotes community cohesion and pride. Their activities also influence a treasured environment through working with businesses to improve their resource use and strategic projects that assist in working with the environment.

2.25.3 Who Benefits / Whose acts create a need

Individual businesses, business networks, community groups, individual residents and the community as a whole benefit from Venture Southland's activities.

Period of benefit - Many of Venture Southland's activities will have a lasting benefit, particularly facilitating infrastructure development.

2.25.4 Funding Sources

The Council believes that the costs should be recovered from a regionally based funding formula, adjusted for specific service provision to any territorial authority. Council's portion is funded through uniform annual charge per rateable unit. In addition Venture actively pursues external sources of funding for specific projects.

Any capital expenditure is covered by the Council's grants and external funding.

Rationale - Some projects do have benefits for individuals, or defined groups. However as a whole, Venture Southland activities directly benefit a wide range of individuals and groups, and there are strong spillover benefits from economic development and stronger communities for the district as a whole. A full user pays system would not be affordable for vulnerable groups in our community, and would be inconsistent with the purpose of Venture Southland (development and promotion of the region).

This activity is rated for jointly with Grants and Donations, as the outcomes for these activities are similar.

2.26 Wastewater

2.26.1 Activity Description

Provision of reticulated wastewater infrastructure for significant urban areas. These public wastewater systems collect, treat and dispose of wastewater from residential properties, business properties, and public sanitary facilities in the district. The wastewater system also deals with non-domestic liquid wastes (often known as trade wastes).

2.26.2 Community Outcomes

Wastewater services contribute to healthy people as sewerage systems prevent the spread of disease. They also contribute to treasured environment by treating sewage to reduce harmful nutrients, bacteria and odours before it is discharged into the environment. The discharge is also monitored to ensure that it is not harmful and controlled to reduce the likelihood of overflows and odours which otherwise may affect the environment. Wastewater services also support a diverse economy as sewerage systems are essential for business development, including tourism, and reticulated systems provide economies of scale.

2.26.3 Who Benefits / Whose acts create a need

Residents, businesses and visitors benefit from the provision of wastewater services. The need for this activity is driven by high density communities, where on-site wastewater systems are not effective disposal methods for public health and/or environmental reasons.

There is a legal requirement under the Health Act 1956 and the Local Government Act 2002 to maintain existing systems.

Period of benefit - The life of the sewerage schemes varies, maintenance is crucial, and the lives of individual components varies. On average, Wastewater plant/treatment assets have a life of approximately 45 years, and reticulation of 74 years.

2.26.4 Funding Sources

Operating funding is 100% local rate funded, via a targeted rate based on household equivalent use or pans.

Capital works are funded through Ministry of Health subsidy (where available), up to 16.67% district contribution (funded from the Waste Management rate, which is a uniform annual charge per rateable unit), development or financial contributions (where applicable) and local contributions from those connecting or

able to be connected (Sewerage Schemes Funding Policy refers). Smaller projects not eligible for subsidy may be funded through loans.

Rationale - There is a high degree of private benefit in sewerage systems, therefore a level of user pays is appropriate. Consistent with a user pays approach, this activity is rated for distinctly. It also enhances transparency about the service ratepayers are receiving and paying for.

The wastewater activity provides a degree of public benefit as well, through economic development and public health, therefore, the district as a whole makes a contribution to capital works, and operational costs for all schemes are shared across all users (i.e. users pay a rate based on the cost of the service provided to the district, not just the cost of their local scheme).

2.27 Water Supply (Urban and Rural)

2.27.1 Activity Description

Provision of potable (drinking) water for urban water supplies, and untreated water supplies for rural use (stock and irrigation). This includes capital works, and maintenance of systems.

2.27.2 Community Outcomes

The water supply activity contributes to healthy people through the provision of safe drinking water as well as water to clean with. It also contributes to a diverse economy, where water supply infrastructure in urban areas provides reliable water in sufficient capacity to meet domestic, commercial and industrial needs and in rural areas, provide untreated water for stock. Public water supplies also assist in creating safe places by providing water for fire fighting which helps protect communities and visitors. It also contributes to making Southland a great place, with a choice of quality places to go and things to do, where reticulated water is used for recreational activities (swimming pools etc).

2.27.3 Who Benefits / Whose acts create a need

Benefits are distributed to the community as a whole. Residents have access to a safe water supply that they do not have to maintain themselves. The local economy benefits through tourism (safe water supply encourages tourists), industry and agriculture (water supply certainty).

Once established, there is a legislative requirement to maintain water supplies under the Local Government Act 2002 and the Health Act 1956.

Period of benefit - The life of the water supply assets varies, maintenance is crucial and the life of individual components varies. On average water plant/treatment assets last for 36 years, and water reticulation assets for 65 years.

2.27.4 Funding Sources

Operating funding is 100% local rate funded, via a targeted rate based on household equivalent use and/or metering.

Capital works for urban schemes are funded through Ministry of Health subsidy (where available), up to 16.67% district contribution (funded from the Waste Management rate, which is a uniform annual charge per rateable unit), development or financial contributions (where applicable) and local contributions from those connecting or able to be connected (Sewerage Schemes Funding Policy refers). Smaller projects not eligible for subsidy may be funded through loans.

Rural water supply capital works are funded solely through local contributions and loans.

Rationale - There is a high degree of private benefit in water supplies, therefore a level of user pays is appropriate. Consistent with a user pays approach, this activity is rated for distinctly. It also enhances transparency about the service ratepayers are receiving and paying for.

However there is also an element of public good for drinking water supplies, through public health and to a lesser extent, economic spinoffs, therefore the district as a whole makes a contribution to urban supply capital works, and operational costs for all urban schemes are shared across all urban users (i.e. users pay a rate based on the cost of the service provided to the district, not just the cost of their local scheme).

2.28 Work Schemes

2.28.1 Activity Description

Council runs work schemes, which involves providing community work and community service clients with the opportunity to work on various projects throughout the Southland community.

2.28.2 Community Outcomes

This activity contributes to making Southland a great place to live through the completion of community projects such as weed control and township maintenance.

Work schemes also contribute to a diverse economy (through developing people's skills and lowering unemployment), healthy people (through increased self-esteem of participants) and safe places (by providing accountability for crimes).

2.28.3 Who Benefits / Whose acts create a need

These benefits are distributed between the individual people on courses, the community in which those individuals live, and communities in which projects are carried out.

Period of benefit - Providing opportunities for individuals to learn new skills creates long term benefits for both them and the community. The period of benefit from individual projects will vary.

2.28.4 Funding Sources

The majority of funding is sourced from local rates, with some contributions from central government.

Rationale - Costs are largely recovered from the community benefiting from the project, but are not rated for separately, as they are not financially material, and have the same outcomes as other amenity projects that Community Boards and Community Development Area Subcommittees undertake. Funding from central government is appropriate where individuals have been referred to the Work Schemes.

2.29 Other Local Services (including Council Property and Water Structures)

2.29.1 Activity Description

Management of Council buildings and property, Riverton harbour, Stewart Island jetties, and other water structures. Provision of engineering advice to community groups. Buildings include depots, offices, libraries and other miscellaneous buildings.

2.29.2 Community Outcomes

This activity contributes to a diverse economy by having infrastructure (boat ramps, jetties, wharves and navigation aids) which enable recreational and

commercial access to waterways as well as buildings needed to deliver activities and services (such as libraries and service centres). The activity also contributes to a treasured environment (by having stopbanks and marine walls which protect the environment from flooding) as well as contributing to safe places (by having aids which improve navigation safety).

2.29.3 Who Benefits / Whose acts create a need

The community where the facilities are provided benefit from this activity. The district also benefits from having an effective network of Council buildings to support Council activities. With regard to harbour and jetty facilities, individuals or businesses benefit the most.

Period of benefit - The life of these assets varies, but is around 40 years.

2.29.4 Funding Sources

Office and Library buildings

Funding for maintenance and any capital works is funded through rates, reserves, and loans (usually internal). These costs are recovered through the relevant activity rates.

Water structures and other buildings and property

Overall, Council aims to recover at least 95% of funding from sources other than rates.

Stewart Island Jetties Subcommittee is funded through a \$5,000 grant from Council, funds from Environment Southland, a South Port grant (\$5,000 pa 2008/2009 to 2011/2012) and user charges. The Riverton Harbour is funded from user charges, including endowment land rentals and wharf leases. Other water structures, buildings and properties are funded through user charges, to the extent possible.

Rationale - In most instances the beneficiaries are identifiable, and therefore a user pays approach is appropriate. However, Council recognises that there may be a need to top up third party funding sources from time to time. Where facilities are used to support other Council activities, it is appropriate that the funding source for that activity also recover the costs of the facilities used.

Development and Financial Contributions Policy

PART 1 - THE POLICY

1. Objectives

- To ensure that all new developments contribute fair and reasonable funding towards the costs of avoiding, remedying or mitigating adverse social, economic, environmental and cultural effects on the district, or parts of the district, arising from developments.
- To make provision for the long term sustainable development of infrastructure within a framework of fair and prudent stewardship.
- To provide certainty to developers and to Council as to the assignment of infrastructural costs related to developments and the reasons for this assignment.

2. Principles

- New development is to contribute to the expected share of capital expenditure on network and community infrastructure required for that development based on the average cost allocation method.
- Development contributions and financial contributions are to be based on the likely and foreseeable public capital expenditure that Council expects to incur from growth in the district.
- Development contributions and financial contributions are to be applied in a fair and equitable manner that is financially transparent while having due regard to Council's other financial management policies.
- The value of development contributions collected and the usage of these contributions each year are to be reported in Council's annual report.
- The quantum of development contributions and financial contributions are to be reviewed through the LTCCP for Development Contributions or on an annual basis having regard to changes in population projections, project programming, construction costs and design estimates.

3. Definitions

A schedule of defined terms is attached in Appendix 1.

4. Legislative Framework

Section 102(4) of the Local Government Act (LGA) 2002 requires Council to adopt a policy on development contributions as authorised by the LGA or financial contributions as authorised by the Resource Management Act (RMA) 1991.

Section 106 of the LGA set out the requirements of the policy. Sections 197-211 and Schedule 13 cover the application and calculation methodology related to contributions.

Development contributions imposed under the LGA may be in addition to and separate from financial contributions imposed under the RMA. Council's financial contribution regime is set out in the District Plan, Section 3.7 (Financial Contributions and Reserve Requirements).

5. Rules

Activities Funded by Development Contributions

Contributions collected shall be used to assist the funding of new and additional:

- Reserves, sports facilities and town beautification.
- Water, and sewerage networks and treatment.

The reason why Council requires contributions towards the above facilities is that it has identified a close linkage between the need for additional facilities and the impact demands created by new development.

Council is of the opinion that new developments should contribute equitably toward the provision of additional facilities, rather than imposing the full burden on other district ratepayers who may not gain any benefit from the development.

Amount

The development contribution amount for each activity is related to the portion of the capital works identified in the LTCCP as being required by growth demand. The calculation methods are as set out in Section 8 of this policy and the dollar amounts for the period 2009/2010 are set out in Appendix 3.

No payment of contributions will be required under this policy if payment has already been collected for the same purpose under powers granted to Council by other legislation.

The stated amounts for contributions are the maximum amounts. GST will be applied during the calculation of all contributions.

Collection Timing

Contributions shall be collected prior to the earliest of the issue of the following by Council:

- A resource consent under the RMA.
- A Section 224 completion certificate under the RMA.
- A building consent under the Building Act 1991.
- Authorisation for a connection for water, sewer or stormwater.

The same contribution may not be charged during the issue of subsequent consents for the same work but Council may charge additional development contributions where additional impacts are identified subsequent to the issue of an earlier consent.

The amount of contribution for a staged development over an extended period shall be commensurate with the extent of the issued consent.

Non Payment of Contributions

In the event of non-payment of contributions Council may, pursuant to Section 208 of the LGA:

- Prevent the commencement of a resource consent.
- Withhold a Section 224(c) certificate under the RMA.
- Withhold a Code Compliance Certificate under the Building Act.
- Withhold an approval for service connection.
- In each case, register the contribution due under the Statutory Land Charges Registration Act as a charge on the title of the land in respect of which the development contribution was required.

Adjustments, Objections and Remissions

No adjustment of contribution amounts will be made having regard to the specific impacts of any one site unless the developer can demonstrate to Council that specific measures are being undertaken to address the impact and consequent demand on infrastructure. Any objection to a determination of an adjustment amount will be referred to Council's Resource Management Committee for review. The Committee's decision regarding adjustment will be final.

Council, or the Council Community Board having jurisdiction over the assets for which contributions are being collected, may exercise a discretionary right to make grants towards the remission of development contribution levies as follows:

- Non-profit clubs and sport associations with a membership up to 75 full time equivalents may be entitled to a remission of 25%.
- Non-profit clubs and sport associations with a membership over 75 and up to 100 full time equivalents may be entitled to a remission of 12.5%.

Such grants shall be paid from other (non asset) Council reserve accounts to the respective asset accounts.

Refund of Unused Contributions

Council will refund unused contributions, less the value of administration and legal costs incurred in relation to the development where:

- A consent lapses.
- Council does not provide the infrastructure for which the contribution was collected within 10 years.

No interest will be paid on the principal value of unused contributions.

Reporting

Council shall report each year in its annual report:

- The amount and purpose of contributions collected per year for the last ten years (from commencement of policy).
- Expenditure against the contributions.

6. Contribution Methods

Financial contributions calculated in accordance with Section 3.7 of the District Plan shall apply for all resource consents, except in respect of:

- (a) All reserve contributions.
- (b) Water and sewerage contributions for Te Anau.

Development contributions calculated in accordance with Section 8 of this policy shall apply for:

- (a) All reserve contributions.
- (b) Water and sewerage contributions for Te Anau.

7. Financial Contributions under the Resource Management Act

The amount of each financial contribution imposed under the RMA shall be calculated in accordance with Section 3.7 of the District Plan. In summary, the contributions payable are as follows:

(a) *Reserves Contribution*

An amount of \$465 inclusive of GST for each new allotment, or 10% of the land area but no more than 60 m² per allotment, but now SUPERSEDED by Section 8 of this policy.

(b) *Esplanade Reserves and Access Strips*

An esplanade reserve or strip 20 m wide where any land adjoins any river or lake.

(c) *Sewerage Contribution*

One contribution charge per pan (where a “pan” has the same meaning as Household Equivalent for the purposes of assessing the contribution), with each pan charge being the Depreciated Asset Value for the appropriate sewer scheme divided by the number of connections to it at 30 June preceding the application, but now SUPERSEDED IN RESPECT OF TE ANAU by Section 8 of this policy.

(d) *Water Contribution*

One contributions charge per allotment (where an “allotment” has the same meaning as Household Equivalent for the purposes of assessing the contribution), with charge being the Depreciated Asset Value for the appropriate water scheme divided by the number of household equivalent connections to it at 30 June preceding the application, but now SUPERSEDED IN RESPECT OF TE ANAU by Section 8 of this policy.

(e) *Stormwater Contribution*

One contribution charge per allotment (where an “allotment” has the same meaning as Household Equivalent for the purposes of assessing the contribution), with the charge being assessed on a case by case basis.

(f) *Roading Contribution*

Up to 50% of the cost of improving roads to cater for additional traffic generated by the development.

(g) *Extraordinary Costs*

Full reimbursement to Council of actual extraordinary legal, survey or other administrative costs in excess of normal processing requirements.

(h) *Development Levy*

Up to 0.5% of the value of any development over the value of \$500,000 to be used for reserves and network utility services.

8. Development Contributions

Reserve Contributions

Reserve contributions shall be required as follows:

- (a) 7.5% of the value of additional allotments, at the time of subdivision consent (either in cash or land equivalent, at Council's option) except that in the case of rural residential and rural lifestyle subdivisions, the value of the rural allotment for this purpose shall be the proportional value of a house site of 1,000 m² within each allotment.
- (b) Cash equivalent of the value of 20 m² of land for each additional residential unit created, at the time of building consent, less any contribution made at the time of previous subdivision within the preceding five years.
- (c) Cash equivalent of the value of 4 m² of land for each additional 100 m² of new, net, non-residential, building floor area created, at the time of building consent, less any contribution made at the time of previous subdivision within the preceding five years.
- (d) Where the contribution is given as land, the location shall be suitable for the reserve purposes of the area and shall be no less than 1,000 m² in each separate title. Acceptance of land is at the discretion of Council.
- (e) No reserve contribution shall be required for any allotment exceeding 4 ha in area.

For the purposes of this policy, the land value used is to be the current market value, inclusive of GST, at the time of the application for consent or approval to connect to utility services.

Where an agreed current market value cannot be established by mutual agreement between Council and the developer, then the value will be that

established by a registered valuer agreed by both parties and jointly retained, with the cost of the valuation fees being shared equally by Council and the developer.

Network Infrastructure Contributions

Each new development that generates additional demand shall pay network infrastructure contributions for water, sewerage and stormwater to address the effects of the development in proportion to a standard equivalent household, where a household equivalent is as defined in Appendix 1. Where a commercial development, for example, has an assessed impact equivalent to six households, it will be required to pay a contribution equal to six houses.

The assessments of contributions for one equivalent household are detailed in Part 3.

The basis of calculation is set out in Part 2.

Community Infrastructure Contributions

No community infrastructure contributions (such as contributions towards provision or upgrading of libraries) will be required until projects have been identified in the LTCCP and the amount of contribution approved through public consultation.

9. Headworks Contributions

For rural water supplies a headworks contribution is required for new connections to the schemes and to applications for an increase of units supplied to existing connections. The headworks contribution is based on the Depreciated Asset Value (DAV) for the appropriate scheme divided by the number of units available as at 30 June in the financial year preceding the application. A unit being 1,800 litres except for Lumsden/Balfour where a unit is 2,000 litres. The headworks contributions for each rural water supply are detailed in Appendix 5.

PART 2 - CALCULATION METHODOLOGY

2.1 Development Contributions

Schedule 13 of the Local Government (2002) Act sets out the matters that must be identified in establishing a methodology for calculating development contributions. Councils are also required to demonstrate that the attribution of units of demand to developments are on a consistent and equitable basis. This includes the total cost of capital expenditure for the activity to meet increased demand resulting from growth as set out in the Long Term Council Community Plan (LTCCP) and the share of that expenditure attributable to each unit of demand, using the units of demand by which the impact of growth has been assessed. Development (and Financial) Contributions are in addition to the costs of all necessary infrastructure within a development including the costs of service connections, the costs of extending/joining the development to the service, and other consent fees.

2.2 Assumptions

It has been assumed that development contributions will be required from all types of development that would result in an increase in demand on services and infrastructure. This includes greenfield development, infill development and changes of land use (e.g. from office to restaurant). A number of assumptions are made in determining the development contributions. These include demand growth and population growth models, assessment of inflation, establishment of units of demand (UoD), number of equivalent households and assessments of demand driven capital expenditure expected over the next 10 years. These are discussed below and details of specific assumptions for each particular service/activity and locality are presented in the relevant Activity Management Plans which are based on Asset Management principles and professional judgement.

2.2.1 Overview

The unit of demand is based on the equivalent household. The demand on services of any activity is generally calculated based on an assessment of the potential demand when the activity is established and operational, not on the actual demand created that may vary from time to time or between different owners/occupiers.

It is also recognised that household units vary throughout the district and that the demands they generate also cover a broad range. However, given the relatively large range of development contribution areas and the implied averaging of “household equivalents”, the approach is considered appropriate as well as being consistent with the level of detail recognised by the growth predictions.

2.2.2 Residential Applications

Every residential unit, whether a separate dwelling or part of an apartment complex equals one Household Unit. This is the same as one Unit of Demand (UoD). Each lot is taken as being intended for (a minimum) of one Household Unit. If additional dwellings are permitted on a single lot then the UoDs per lot will increase correspondingly.

2.2.3 Commercial Accommodation

Commercial accommodation is usually made up of a number of beds catering for a maximum number of people rather than Household Units. The number of UoDs is calculated by using a Household conversion factor. For the purposes of accommodation facilities an equivalent household of four persons is used. (Refer Part 3, section 3.4.2) as the basis for determining the unit of demand (UoD). This takes into account the additional impacts that visitors generate (e.g. domestic purposes, laundry, washing facilities, etc). Given that each person staying in commercial accommodation is equivalent to 25 percent of a Household Unit, the conversion factor for commercial accommodation is 0.25. For example, the UoDs arising from commercial accommodation catering for a maximum of 200 people is 50 Units.

2.2.4 Non-Residential Applications

For non-residential applications UoDs may be calculated for each activity using the following three methodologies:

- If demand is known (e.g. traffic movements, volume of water usage) then use these to calculate the UoD; or
- Use generic demand figures for activity type (e.g. Te Anau figures).

- If demand is unknown, use Floor Area conversions (generic for activity type) to estimate the UoD;

2.2.5 Special Applications

Where developments are not covered by the above or there are specific circumstances related to the applications these may be considered on a case by case basis. It should be noted as in section 1.2 Assumptions that the units of demand are based on potential demand not actual at any one time. Accordingly specific circumstances do not include those where the users do not utilise the full potential demand (e.g. a hotel with a 50% occupancy rate will still be assessed at a 100% of the unit of demand relating to hotels; a house with one occupant will be assessed at the unit of demand for a household).

2.3 **Population Growth**

The population growth models used to assess demand are detailed in the relevant Activity Management Plans and in Council assumptions for the LTCCP.

2.4 **Levels of Service**

Development Contributions will not be used to fund increased levels of service for existing users.

2.5 **Capital Expenditure and Funding**

The total capital expenditure (CAPEX) required over the next ten year period for each service/activity is outlined in the relevant Activity Management Plans. Only CAPEX generated by the growth demand will be considered in the assessment of development contributions. All operational costs, maintenance and overheads are excluded. Expenditure related to increased levels of service, renewals, resource consents, legal requirements are not included in the assessment unless there is surplus capacity provided to meet demand created by future development.

An average equivalent household occupancy rate corresponding to the peak population of 13,024 is 6.12 persons.

Not all rateable properties will provide accommodation (e.g. commercial), the dwellings will not provide all the accommodation (e.g. motels), and the occupancy rate for the accommodation sector will vary from site to site. To manage the risk that development does not occur to the same level that the infrastructure is provided for, the upper bound (5%) of the population projections is used to assess the peak equivalent household occupancy. A figure of 6.12 persons per equivalent household has been determined as the peak occupancy rate to assess the number of equivalent households or units of demand (UoD) contributing to the growth in demand. By using the difference in peak population of 13,024 predicted for 2039 and the peak population of 8,301 in 2009.

2.6 **Calculation of Development Contribution**

- The amount of Development Contributions payable by a developer is calculated by multiplying the Development Contribution per equivalent household unit - Unit of Demand (UoD) - by the number of equivalent household units created by the development.

15. The developer will receive credit(s) for any existing entitlements held prior to the proposed development.

- For the purposes of establishing “credits”, where an accommodation (e.g. Bed and Breakfast) operation caters for no more than four persons (including the owners/occupiers residing there) then the operation will be treated as an equivalent household - i.e. there will be no additional development contribution charged. For accommodation catering for more than four persons then there will be an additional ¼ charge for each additional person that may use the accommodation.

PART 3 - ASSESSMENT OF CONTRIBUTIONS

3.1 Introduction

This section describes how the development and financial contributions are assessed using the methodology presented in Section 2. The development and financial contributions are outlined for the respective activities and the areas to which they apply within the district.

3.2 Assumptions

It has been assumed that development contributions will be required from all types of development that would result in an increase in demand on services and infrastructure. This includes greenfield development, infill development and changes of land use (e.g. from office to restaurant). The assessment of development and financial contributions is based on the assumptions outlined in Part 2.

3.3 Contribution Boundaries (where required)

The contribution boundaries, in respect of the activities requiring development or financial contributions, are outlined in the following Table 3.1.

3.4 Assessment of equivalent household demand

3.4.1 Overview

The unit of demand is the equivalent household and this forms the basis for assessing the demand generated by a development on a particular activity or service. The impact of different land uses are assessed relative to that of a residential dwelling to take into account impacts on services from non-residential users (e.g. offices, shops, restaurants, etc) that are not catered for by the residential use. Not all service demands are generated at the place of accommodation. This allows for the demand generated by tourists, visitors and those residents at work or those using the community/commercial facilities. In the Southland District Council the impact of increased demand on services and facilities created by development for resident/permanent population is expected to be minor. This is because of the relatively small communities and where growth is expected, the numerical population is not great.

Table 3.1

| Contribution Area Locality | Activity | | |
|---------------------------------|----------|----------|------------|
| | Water | Sewerage | Stormwater |
| Development Contributions (DEV) | | | |
| Financial Contributions (FIN) | | | |
| Balfour | FIN | FIN | FIN |
| Browns | FIN | FIN | FIN |
| ColacBay | FIN | FIN | FIN |
| Dipton | FIN | FIN | FIN |
| Edendale | FIN | FIN | FIN |
| Gorge Rd | FIN | FIN | FIN |
| Limehills | FIN | FIN | FIN |
| Lumsden | FIN | FIN | FIN |
| Manapouri | FIN | FIN | FIN |
| Mossburn | FIN | FIN | FIN |
| Nightcaps | FIN | FIN | FIN |
| Ohai | FIN | FIN | FIN |
| Riversdale | FIN | FIN | FIN |
| Riverton | FIN | FIN | FIN |
| Stewart Is | FIN | FIN | FIN |
| Te Anau | DEV | DEV | FIN |
| Tokanui | FIN | FIN | FIN |
| Tuatapere | FIN | FIN | FIN |
| Waikaia | FIN | FIN | FIN |
| Otautau | FIN | FIN | FIN |
| Wallacetown | FIN | FIN | FIN |
| Winton | FIN | FIN | FIN |
| Woodlands | FIN | FIN | FIN |
| Wyndham | FIN | FIN | FIN |

However in areas such as Te Anau a significant impact on services and facilities is expected from peak populations of tourists and visitors. Accordingly in areas of minor growth the equivalent household is based on the average residential dwelling, whereas in areas of high peak population (such as Te Anau) the equivalent household is based on the relative peak occupancy versus the normal occupancy. This takes into account the demand generated outside the place of accommodation by tourists and visitors.

3.4.2 Water

The daily demand for water comprises that for domestic purposes and non-domestic uses (e.g. gardening, car washing, fire fighting, leakages etc).

The following figures are used in the assessment:

- The average daily residential demand for domestic purposes is 230 litres/person/day
- The average daily residential demand for non-domestic purposes is 1200 litres/property

In determining the equivalent household demand for non-domestic purposes, it is noted that not all potential demand will occur at the same time and therefore an **average** peak of four persons per household (compared with the peak of 9.15 used to calculate the number of equivalent households) is used to assess the relative non-domestic use i.e. the total **average** peak usage per property is 2,120 litres/day (4 x 230l/p/d + 1200).

The non-domestic component of water demand per equivalent household is therefore set at 0.57 (i.e. 1200/2120) of the unit of demand (UoD). While the domestic use within a lot may increase through development, on average the non-domestic use is unlikely to change. Accordingly the non-domestic component of the contribution for water is only charged once per lot (where a lot is a standard residential size).

The factors to be applied for water demand by each different development type in terms of units of demand (each unit of demand being a household unit equivalent) is presented in Table 3.2.

Table 3.2: Factors to be Applied in Units of Demand

| Development Type | Unit | Total Factor Unit of Demand (UoD) |
|---|-------------------------|---|
| Household | Household lot | 1 UoD |
| Hotel / motel / bed and breakfast | Guest or resident staff | 0.11 UoD/bed + 0.57UoD/lot (at maximum design occupancy) |
| Camping grounds (fully serviced) | Guest or resident staff | 0.08 UoD / bed ¹ +0.57UoD/lot(at maximum design occupancy) |
| Restaurants | Diner | 0.02 UoD / meal / diner +0.57UoD/premise (at maximum design occupancy) ² |
| Offices | Employee | 0.04 UoD / person +0.57UoD/premise (at design maximum occupancy) |
| Industries and other development ³ | | As determined for each specific case (1 UoD for every 2,120 l/d, at design maximum daily discharge) |

Note:

1. Camping ground factor will be applied to the maximum design occupancy, which may include those in cabins, tents and caravans.
2. The water demand for restaurants will be determined as follows:
 - (a) one meal opening hours = 1 x 0.02 litres / diner (at maximum design occupancy).
 - (b) two meal opening hours = 2 x 0.02 litres / diner (at maximum design occupancy).
 - (c) three meal opening hours = 3 x 0.02 litres / diner (at maximum design occupancy).
3. The water use by commercial or industry or other purposes not detailed above will be determined on a case by case basis.
4. A lot is a standard residential size.

3.4.3 Sewerage

The sewage discharge from different development types or source has been determined and is presented in the Table 3.3.

Table 3.3: Sewage Discharge for Development Types

| Development Type | Unit | Sewage Discharge | Total unit flow factor |
|-----------------------------------|--------------------------|------------------|---|
| Household | Household lot | 4 x 230 | 920 litres / lot |
| Hotel / motel / bed and breakfast | Guest and resident staff | 1 x 230 | 230 litres / bed (at maximum design occupancy) |
| Camping ground (fully serviced) | Guest and resident staff | 0.72 x 230 | 166 litres / bed (i.e. bed or camp site x no. per camp site) |
| Restaurant ¹ | Diner | 0.17 x 230 | 39 litres / meal / diner (at maximum design occupancy) ¹ |
| Offices | Employee | 0.33 x 230 | 76 litres / person (at design maximum occupancy) |
| Industries and other sources | | Note 2 | As determined for each specific case |

Note:

1. Restaurant demand will be determined as follows:
 - (a) one meal opening hours = 1 x 39 litres / diner (at maximum design occupancy)
 - (b) two meal opening hours = 2 x 39 litres / diner (at maximum design occupancy)
 - (c) three meal opening hours = 3 x 39 litres / diner (at maximum design occupancy).
2. The wastewater discharge for industry will be determined on a case by case basis, as specified in Table B5.2 above, with 1 unit of demand being equivalent to 920 litres per day or 260 gm (BOD₅)/day, whichever is the greater, at design maximum discharge.

In determining the factors to be applied to the equivalent household demand for non-residential uses, it is noted that not all potential demand will occur at the same time and therefore an **average** peak of four persons per household (compared with the peak of 9.15 used to calculate the number of equivalent households) is used.

The factors to be applied for sewage discharged by each different development type in terms of units of demand (each unit of demand being a household unit equivalent) is presented in Table 3.4.

Table 3.4: Factors to be Applied in Units of Demand

| Development Type | Unit | Total Factor Unit of Demand (UoD) |
|---|-------------------------|--|
| Household | Household lot | 1 UoD |
| Hotel / motel / bed and breakfast | Guest or resident staff | 0.25 UoD / bed (at maximum design occupancy) |
| Camping grounds (fully serviced) | Guest or resident staff | 0.18 UoD / bed ¹ (at maximum design occupancy) |
| Restaurants | Diner | 0.04 UoD / meal / diner (at maximum design occupancy) ² |
| Offices | Employee | 0.08 UoD / person (at design maximum occupancy) |
| Industries and other development ³ | | As determined for each specific case (1 UoD for every 920 l/d or for 260 gm (BOD ₅)/day whichever is the greater, at design maximum daily discharge) |

Note:

1. Camping ground factor will be applied to the maximum design occupancy, which may include those in cabins, tents and caravans.
2. Restaurant sewage discharge will be determined as follows:
 - (a) one meal opening hours = 1 x 39 litres / diner (at maximum design occupancy).
 - (b) two meal opening hours = 2 x 39 litres / diner (at maximum design occupancy).
 - (c) three meal opening hours = 3 x 39 litres / diner (at maximum design occupancy).

3. The wastewater discharge from industry will be determined on a case by case basis.

3.4.4 Stormwater

Stormwater will be assessed on a case by case basis for financial contributions. The assessment will take into account the catchment area, topography, the lot size relative to the equivalent household and other particular matters relating to the application including impermeable areas, roading and soil type.

3.5 Te Anau Equivalent Households – Units of Demand

The equivalent household or unit of demand is used to assess the growth impact of land uses relative to residential use. The growth study is described in the LTCCP (2009-2019) and the relevant data are detailed in the Activity Management Plans. In the case of Te Anau significant growth in tourism and visitors is generated by the developments. The ratio of peak population to number of dwellings/rateable properties is used to establish the peak number of persons per equivalent household. This is then used to determine the number of equivalent households contributing to the increase in demand generated by development.

The population data and projections for Te Anau are detailed in the Activity Management Plans and summarised in the following Table 3.5.

Table 3.5

| | 2006 | 2009 | 2019 | 2039 | |
|-------------------|--------------------|--------------------|---------------------|---------------------|---|
| Te Anau (UR) | 1,878 ¹ | 2,153 ² | 2,893 ² | | 1. NZ Stats |
| Te Anau (MAX) | | 2,259 ² | 3,344 ² | | 2. Based on Infometrics estimate |
| Te Anau (5% PEAK) | 9,000 ² | 8,301 ² | 10,068 ² | 13,024 ³ | 3. Based on Infometrics estimate extended by 7 years |
| Te Anau (8% PEAK) | 9,000 ² | 8,550 ² | 10,370 ² | 13,415 ³ | |

The equivalent household occupancy rate corresponding to the peak population of 8,301 for 2009 and based on the rateable properties and dwellings existing in Te Anau at 2009 are as follows:

Table 3.5.1

| 2008/2009 (SDC Rates data) | No. Rateable Properties | No. Dwellings | Equivalent persons per property | Equivalent persons per dwelling |
|-------------------------------|-------------------------------|------------------|--|--|
| Residential | 1738 | | | |
| Commercial | 153 | | | |
| Accommodation | 28 | | | |
| Total Properties | 1919 | | 4.39 | |
| Total "pan" charges | | | | |
| Total residential "pans" | | | | |
| Existing Dwellings 2006 | | 1373 | | 6.12 |

An average equivalent household occupancy rate corresponding to the peak population of 13,024 is 6.12 persons.

Not all rateable properties will provide accommodation (e.g. commercial), the dwellings will not provide all the accommodation (e.g. motels), and the occupancy rate for the accommodation sector will vary from site to site. To manage the risk that development does not occur to the same level that the infrastructure is provided for, the upper bound (5%) of the population projections is used to assess the peak equivalent household occupancy. A figure of 6.12 persons per equivalent household has been determined as the peak occupancy rate to assess the number of equivalent households or units of demand (UoD) contributing to the growth in demand. Using the difference in peak population of 13,024 predicted for 2039 and the peak population of 8,301 in 2009.

However it is expected that other developments will occupy such as accommodation on existing sites. Accordingly the number of equivalent households contributing to the demand over the time period has been determined as 912.

The Development Contributions for Te Anau are detailed in Appendix 3.

3.6 Capex for Growth apportionment

3.6.1 Overview

The total capital expenditure (CAPEX) required by the growth demand over the next 10 year period and taking into account any surplus capacity at the beginning of the period, is determined. All operational costs, maintenance and overheads are excluded. Expenditure related to increased levels of service, renewals, resource consents, legal requirements are not included in the assessment unless these are specifically related to a demand created by the development. This is then apportioned among the increased units of demand (UoD) or equivalent households over that period. The total expenditure required is described in detail in the relevant Activity Management Plan and is based on Asset Management principles and professional judgement.

3.6.2 Te Anau

For the new proposed upgrade to the wastewater treatment plant the allocation should be based on the designed surplus capacity. The estimated useful life of the treatment plant is at least 25 years, and the peak population projections will be 13,024 in 2039 and therefore the allocation of benefit for future development should be recovered over that period.

In the context of Te Anau, whichever figures are used the population growth model still only puts Te Anau as a moderately sized community. For assets with a 50-100 year life the maximum peak populations as in section 3.5 above, are used to reflect a conservative approach to capacity design. The costs of overdesign are minor versus the risks of needing to retrofit for under-capacity at a later date. Accordingly a total of 57% - $(13,024 - 8,301)/8,301$ of capital expenditure over the period is attributed to "Demand" for growth apportionment with the remaining 43% attributed to "Levels of Service".

3.6.3 Summary of CAPEX requirements

The CAPEX for growth requirements are summarised for each locality and specific boundary areas and the respective services and activities to which the growth demand applies. Where there is no demand growth attributed to development, then no development contribution is charged. However, a financial contribution may be charged under the RMA or Building Act (refer Section 1).

3.7 **Development and Financial Contributions by Activity and Location**

The development and financial contributions for each location and the relevant service/activity are presented in Appendix 3 and Appendix 4 respectively.

APPENDIX 1 - DEFINITIONS

Community Infrastructure means:

- (a) Land, or development of assets on land, owned or controlled by the Council to provide public amenities; and
- (b) Includes land that the Council will acquire for that purpose.

Development means:

- (a) Any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure; but
- (b) Does not include the pipes or lines of a network utility operator, other than the Stewart Island Electricity Supply Authority (SIESA).

Development Contribution means a contribution:

- (a) Provided for in a development contribution policy included in the Council's long term community plan;
- (b) Calculated in accordance with the methodology; and
- (c) Comprising:
 - (i) money; or
 - (ii) land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Māori land within the meaning of Te Ture Whenua Māori Act 1993, unless that Act provides otherwise; or
 - (iii) both.

Household Equivalent means a unit of demand attributable to an average household or typical residential dwelling. This includes all land and buildings used for accommodation. The demands created by activities on non-residential land uses are converted to Household Equivalents

LGA means the Local Government Act 2002.

LTCCP means the Long term Council Community Plan.

Network Infrastructure means the provision of roads and other transport, water, wastewater, and stormwater collection and management.

Rural Residential means any parcel of land outside of the urban resource areas defined by the District Plan, with a total area between 4,000 m² and 9,999 m².

Rural Lifestyle means any parcel of land outside of the urban resource areas defined by the District Plan, with a total area between 1 hectare and 4 hectares.

Road means a road as defined in Section 315 of the Local Government Act 1974.

Reserves means a reserve as defined by the Reserves Act 1977.

RMA means the Resource Management Act 1991.

Wastewater Services means sewerage, treatment and disposal of sewage and all associated infrastructure.

Waterworks means waterworks as defined in Section 5 of the Local Government Act 2002.

APPENDIX 2 – SUMMARY OF CAPEX REQUIREMENTS (EXCLUDING GST)

| Water Demand Projects | Year | | | | | | | | | | Township |
|-----------------------|--------------|-----------|----------------|-----------|----------------|-----------|------------------|-----------|------------------|------------------|------------------|
| | 2009/2010 | 2010/2011 | 2011/2012 | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 | Totals |
| Browns | - | - | - | - | - | - | - | - | - | - | - |
| Drummond | - | - | - | - | - | - | - | - | - | - | - |
| Edendale | - | - | - | - | - | - | - | - | - | - | - |
| Five Rivers | - | - | - | - | - | - | - | - | - | - | - |
| Matuku | - | - | - | - | - | - | - | - | - | - | - |
| Lumsden | - | - | - | - | - | - | - | - | - | - | - |
| Lumsden/Balfour | - | - | 105,884 | - | 112,331 | - | 119,635 | - | - | - | 337,850 |
| Manapouri | - | - | - | - | 162,970 | - | - | - | - | - | 162,970 |
| Mossburn | - | - | - | - | - | - | - | - | - | - | - |
| Ohai/Nightcaps | - | - | - | - | - | - | - | - | - | - | - |
| Riversdale | - | - | - | - | - | - | - | - | - | - | - |
| Riverton | - | - | - | - | - | - | 963,059 | - | - | 1,058,501 | 2,021,560 |
| Te Anau | - | - | 24,353 | - | 103,345 | - | - | - | 2,181,182 | 325,440 | 2,634,320 |
| Overheads | - | - | - | - | - | - | - | - | - | - | - |
| Ramparts | - | - | - | - | - | - | - | - | - | - | - |
| Mount York | - | - | - | - | - | - | - | - | - | - | - |
| Takitimu | - | - | - | - | - | - | - | - | - | - | - |
| Kakapo | - | - | - | - | - | - | - | - | - | - | - |
| Homestead | - | - | - | - | - | - | - | - | - | - | - |
| Princhester | - | - | - | - | - | - | - | - | - | - | - |
| Duncraigen | - | - | - | - | - | - | - | - | - | - | - |
| Tokanui | - | - | - | - | - | - | - | - | - | - | - |
| Tuatapere | - | - | - | - | - | - | - | - | - | - | - |
| Orawia | - | - | - | - | - | - | - | - | - | - | - |
| Eastern Bush | 1,000 | - | - | - | - | - | - | - | - | - | 1,000 |
| Otahu Flat | 1,000 | - | - | - | - | - | - | - | - | - | 1,000 |
| Waikaia | - | - | - | - | - | - | - | - | - | - | - |
| Otautau | - | - | - | - | - | - | - | - | - | - | - |
| Winton | - | - | - | - | - | - | - | - | - | - | - |
| Wyndham | - | - | - | - | - | - | - | - | - | - | - |
| Total | 2,000 | - | 130,237 | - | 378,646 | - | 1,082,694 | - | 2,181,182 | 1,383,941 | 5,158,700 |

| Sewerage Demand Projects | Year | | | | | | | | | | Township |
|-----------------------------|----------------|---------------|---------------|----------------|------------------|----------------|---------------|-----------|---------------|------------------|-------------------|
| | 2009/2010 | 2010/2011 | 2011/2012 | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 | Totals |
| Balfour | - | - | - | - | - | - | - | - | - | - | - |
| Browns | - | - | - | - | - | - | - | - | - | - | - |
| Colac Bay | - | - | - | - | - | - | - | - | - | - | - |
| Edendale | - | - | - | - | - | - | - | - | - | - | - |
| Gorge Road | - | - | - | - | - | - | - | - | - | - | - |
| Limehills | - | - | - | - | - | - | - | - | - | - | - |
| Lumsden | - | - | - | - | - | - | - | - | - | - | - |
| Manapouri | - | - | - | 5,660 | - | 215,189 | - | - | - | - | 220,849 |
| Monowai | - | - | - | - | - | - | - | - | - | - | - |
| Mossburn | - | - | - | - | - | - | - | - | - | - | - |
| Nightcaps | - | - | - | - | - | - | - | - | - | - | - |
| Ohai | - | - | - | - | - | - | - | - | - | - | - |
| Riversdale | - | - | - | - | - | - | - | - | 85,635 | 94,283 | 179,918 |
| Riverton | - | - | - | - | - | - | - | - | - | 1,077,403 | 1,077,403 |
| Stewart Island | - | - | - | - | - | - | - | - | - | 1,530,593 | 1,530,593 |
| Te Anau | 476,157 | 68,691 | 72,968 | 207,475 | 9,337,446 | 224,780 | 90,713 | - | - | 314,829 | 10,793,059 |
| Thornbury | - | - | - | - | - | - | - | - | - | - | - |
| Tokanui | - | - | - | - | - | - | - | - | - | - | - |
| Tuatapere | - | - | - | - | - | - | - | - | - | - | - |
| Waikaia | - | - | - | - | - | - | - | - | - | - | - |
| Otautau | - | - | - | - | - | - | - | - | - | - | - |
| Wallacetown | - | - | - | - | - | - | - | - | - | - | - |
| Winton | - | - | - | - | - | - | - | - | - | - | - |
| Woodlands | - | - | - | - | - | - | - | - | - | - | - |
| Total | 476,157 | 68,691 | 72,968 | 213,135 | 9,337,446 | 439,969 | 90,713 | - | 85,635 | 3,017,108 | 13,801,822 |

| Stormwater Demand Projects | Year | | | | | | | | | | Township |
|-------------------------------|-----------|-----------|----------------|----------------|----------------|----------------|-----------|-----------|-----------|------------------|------------------|
| | 2009/2010 | 2010/2011 | 2011/2012 | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 | Totals |
| Balfour | - | - | - | - | - | - | - | - | - | - | - |
| Browns | - | - | - | - | - | - | - | - | - | - | - |
| Colac Bay | - | - | - | - | - | - | - | - | - | - | - |
| Dipton | - | - | - | - | - | - | - | - | - | - | - |
| Edendale | - | - | - | - | - | - | - | - | - | - | - |
| Gorge Road | - | - | - | - | - | - | - | - | - | - | - |
| Limehills | - | - | - | - | - | - | - | - | - | - | - |
| Lumsden | - | - | - | - | - | - | - | - | - | - | - |
| Manapouri | - | - | - | - | - | - | - | - | - | 349,765 | 349,765 |
| Mossburn | - | - | - | - | - | - | - | - | - | - | - |
| Nightcaps | - | - | - | - | - | - | - | - | - | - | - |
| Ohai | - | - | - | - | - | - | - | - | - | - | - |
| Riversdale | - | - | - | - | - | - | - | - | - | - | - |
| Riverton | - | - | - | - | - | - | - | - | - | - | - |
| Stewart Island | - | - | - | - | - | - | - | - | - | - | - |
| Te Anau | - | - | 238,405 | 269,881 | 283,282 | 296,967 | - | - | - | 699,531 | 1,788,066 |
| Tokanui | - | - | - | - | - | - | - | - | - | - | - |
| Tuatapere | - | - | - | - | - | - | - | - | - | - | - |
| Waikaia | - | - | - | - | - | - | - | - | - | - | - |
| Otautau | - | - | - | - | - | - | - | - | - | - | - |
| Wallacetown | - | - | - | - | - | - | - | - | - | - | - |
| Winton | - | - | - | - | - | - | - | - | - | - | - |
| Woodlands | - | - | - | - | - | - | - | - | - | - | - |
| Wyndham | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL | - | - | 238,405 | 269,881 | 283,282 | 296,967 | - | - | - | 1,049,296 | 2,137,831 |

**APPENDIX 3 – DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)
TE ANAU**

| ACTIVITY | \$ CAPEX for Demand 2009-2019 | Equivalent Households Unit of Demand (UoD) | Development Contribution \$ per UoD |
|-----------------|--|---|--|
| WATER | 2,634,320 | 912 | \$2,889 |
| SEWERAGE | 10,793,059 | 912 | \$11,834 |

APPENDIX 4 – FINANCIAL CONTRIBUTIONS (EXCLUDING GST)**WATER**

| Water Supply | Financial Contributions | | |
|-------------------------------|--------------------------------|-----------------|---------------------|
| | Total equiv 2008 | DAV 2008 | \$/conn 2008 |
| Water Supply - Browns | - | - | - |
| Water Supply - Drummond | - | - | - |
| Water Supply - Edendale | 66,880 | 28.0 | 2,388.57 |
| Water Supply - Five Rivers | - | - | - |
| Water Supply - Lumsden | - | - | - |
| Water Supply - Manapouri | 607,445 | 273.0 | 2,225.07 |
| Water Supply - Mossburn | 611,023 | 183.0 | 3,338.92 |
| Water Supply - Ohai/Nightcaps | 1,310,410 | 609.0 | 2,151.74 |
| Water Supply - Riversdale | - | - | - |
| Water Supply - Riverton | 2,549,537 | 1,277.5 | 1,995.72 |
| Water Supply - Tokanui | - | - | - |
| Water Supply - Tuatapere | 998,850 | 359.0 | 2,782.31 |
| Water Supply - Orawia | 71,522 | 24.0 | 2,980.08 |
| Water Supply - Waikaia | - | - | - |
| Water Supply - Otautau | 631,917 | 466.0 | 1,356.05 |
| Water Supply - Winton | 2,566,141 | 1,254.0 | 2,046.36 |
| Water Supply Scheme - Wyndham | - | - | - |

**APPENDIX 4-- FINANCIAL CONTRIBUTIONS (EXCLUDING GST)
WASTEWATER**

| Wastewater | Financial Contributions | | |
|----------------|-------------------------|-----------|--------------|
| | Total equiv 2008 | DAV 2008 | \$/conn 2008 |
| Balfour | 91 | 273,852 | 3,009.36 |
| Browns | 13 | 57,618 | 4,432.15 |
| Colac Bay | - | - | - |
| Edendale | - | - | - |
| Gorge Road | 37 | 671,684 | 18,153.62 |
| Limehills | - | - | - |
| Lumsden | 346.8 | 901,828 | 2,600.80 |
| Manapouri | 335.5 | 1,092,944 | 3,257.66 |
| Monowai | 15 | 68,049 | 4,536.60 |
| Mossburn | - | - | - |
| Nightcaps | 197.3 | 1,603,649 | 8,130.03 |
| Ohai | 237.5 | 204,357 | 860.45 |
| Riversdale | 256.5 | 854,198 | 3,330.21 |
| Riverton | 1,160.5 | 5,693,281 | 4,905.89 |
| Stewart Island | 484.5 | 6,013,252 | 12,411.25 |
| Thornbury | - | - | - |
| Tokanui | 66.8 | 398,449 | 5,969.27 |
| Tuatapere | 363 | 3,866,164 | 10,650.59 |
| Waikaia | - | - | - |
| Otautau | 461.5 | 3,501,229 | 7,586.63 |
| Wallacetown | 281.5 | 1,890,228 | 6,714.84 |
| Winton | 1,236.5 | 1,801,561 | 1,456.69 |
| Woodlands | - | - | - |

APPENDIX 5 – HEADWORKS CONTRIBUTIONS FOR RURAL WATER SUPPLIES (EXCLUDING GST)

Headworks Contributions - Rural Water Supplies

| Scheme | DAV @ 1/7/2005 | Total Units | Per Unit | Unit Quantity |
|---|----------------|-------------|--------------|----------------------|
| Te Anau Rural - Total | 2,708,912 | 877 | \$ 3,089.90 | 1,818 L/day |
| Eastern Bush | 493,534 | 134 | \$ 3,683.09 | 1,818 L/day |
| Otahu Flat | 440,583 | 114 | \$ 3,864.76 | 1,818 L/day |
| Matuku Unit | 108,837 | 237 | \$ 697.67 | 1,818 L/day |
| Matuku Trough | | 161 | \$348.84 | 1,818 L/day |
| Lumsden/Balfour | 3,876,005 | 1037 | \$ 3,737.71 | 2,000 L/day |
| Lumsden/Balfour 2 | | | \$ 7,101.65 | 4,000 L/day |
| Lumsden/Balfour 3 | | | \$ 10,091.82 | 6,000 L/day |
| Lumsden/Balfour 4 | | | \$ 12,708.21 | 8,000 L/day |
| Lumsden/Balfour 5 | | | \$ 14,950.84 | 10,000 L/day |
| Lumsden/Balfour 6 | | | \$ 16,819.69 | 12,000 L/day |
| Lumsden/Balfour 7 | | | \$ 18,314.78 | 14,000 L/day |
| Lumsden/Balfour 8 | | | \$ 19,436.09 | 16,000 L/day |
| Lumsden/Balfour 9 | | | \$ 20,183.63 | 18,000 L/day |
| Lumsden/Balfour >9 (per unit over 9 units) | | | \$ 373.77 | 2,000 L/day per unit |

Te Anau Rural Schemes Individual DAVs

| | |
|------------|-----------|
| Mt York | \$412,936 |
| Homestead | \$319,252 |
| Takitimu | \$342,478 |
| Duncraigen | \$74,662 |
| Kakapo | \$595,206 |
| Ramparts | \$892,216 |

APPENDIX 6 – CALCULATION SHEET FOR NON-RESIDENTIAL USES (EXCLUDING GST)

**Calculation of Development Contributions
Commercial Developments**

Development name JB's Motel
Address Somewhere
Township Te Anau

Reference No

Calculation

| Description | No. | Standard UoD Sewerage | Total Sewerage UoD | Standard UoD Water | Total Water UoD |
|---|-----------|-----------------------|--------------------|--------------------|-----------------|
| Household | | 1.00 | 0 | 1 | 0.00 |
| Family Members <small>(Applies to small-scale B&B applications only)</small> | | 0.25 | - | 0.11 ea | 0.00 |
| Accom staff | | 0.25 | - | 0.11 ea | 0.00 |
| Accom guests | | 0.25 | - | 0.11 ea + 0.57 | 0.00 |
| Camping ground <small>(sites)</small> | 0 x 0 = 0 | 0.18 | - | 0.08 + 0.57 | 0.00 |
| Restaurant <small>(seats)</small> | 0 x 0 = 0 | 0.04 | - | 0.02 ea + 0.57 | 0.00 |
| Office employees <small>(meals)</small> | | 0.08 | - | 0.04 + 0.57 | 0.00 |

Total Units for this Development -

Less Paid/Credited 1.00

Total Now Due - **1.00**

Unit charge for this Township as at 01/07/2005

Development contributions -

Summary

| | |
|---|---------------|
| Sewerage Contribution | 0.00 |
| Water Supply Contribution | 0.00 |
| Sub total | 0.00 |
| 12.5% GST | 0.00 |
| Total Contributions Payable for this Development | \$0.00 |

Account numbers for payments :

| | Amount |
|--------------|--------------|
| Sewerage | 26870 .11131 |
| Water Supply | 26860 .11131 |
| | - |

Calculation by :

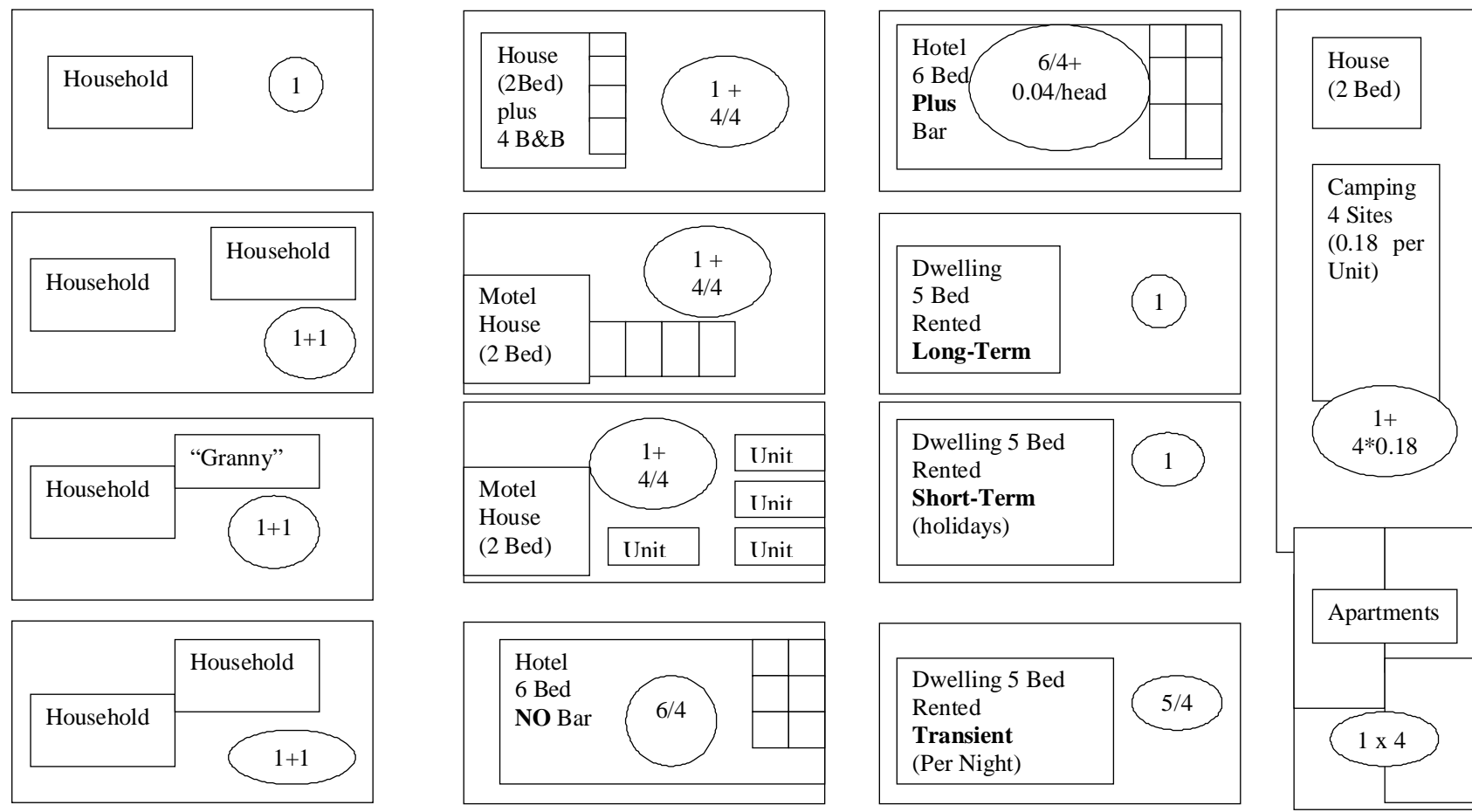
K M Ladbrook

Date:

11-Mar-2005

APPENDIX 7 – EXAMPLES OF APPLICATION OF UNITS OF DEMAND

Residential and Accommodation (Using 0.25 UoD / bed)



Investment Policy

Introduction

This Investment Policy has been prepared pursuant to Sections 102(4)(c) and 105 of the Local Government Act 2002.

Objectives

Appropriate investment strategies will be applied to all Southland District Council funds to ensure that:

- Council assets are adequately safeguarded.
- Interest income is maximised, but taking into account the need to ensure the security of investments.
- Funds are available to meet Council's needs.

Mix of Investments

Council has a significant portfolio of investments, at any time these could comprise:

- Investments in banks, local government and government stock.
- Stocks, bonds, debentures and notes.
- Equity investments.
- Property.
- Forestry.
- Loans, advances and guarantees for community development purposes.
- Shares (if market conditions are favourable).

The decision on which mix of investments Council will hold at any time will be based on the purpose for which the funds were acquired and the market conditions at the time.

Interest Rate Risk Management

Council aims to minimise the risk of default and variability of interest rates. It does this by:

- Ensuring that investments are made with entities that have a very strong Standard and Poors credit rating or equivalent rating in Fitch or Moody's.
- Limiting total exposure to prescribed amounts.
- Monitoring compliance against set limits.

Based on Standard and Poors rating, investments are to be spread as follows:

| Standard and Poors Rating | Total Exposure Limit (% of Total Portfolio) | Portfolio Limit (% of Total Portfolio) |
|---|---|--|
| AA or better | \$5 million | Minimum of 50% |
| A- to A+ | \$5 million | Maximum of 50% |
| Less than A- (individual borrowers to be approved by Council) | \$1 million | n/a |

Individual borrowers less than A- currently approved, but are not limited to the Southland Building Society (SBS).

Equity Investments

Council also has equity holdings in:

- *Civic Assurance Corporation* (13,715 shares). Civic Assurance is a specialist Local Government insurance company.
- *Milford Sound Development Authority* (2,000 shares). The role of Council is to facilitate and coordinate development and operations at Milford Sound and Council's policy is to retain its shareholding in the Authority.
- *Crops for Southland*. Council has a 42% holding in Crops for Southland, an agricultural Venture Southland enterprise.

Other Investments

The overall investment policy of the Council with regard to forestry is to maximise profit, with harvesting on a sustainable yield basis, and without any demand on rates.

Application of Returns from Investments

Some returns are earmarked for specific purposes, but generally returns for Council investments are applied to give equal benefit to the district ratepayers by application in a pro-rata basis to offset the costs of district services.

Reporting

A monthly financial report is prepared for Council. Included in this report is a year-to-date Statement of Financial Position. Investments also form part of the Council's audited Annual Report.

Liability Management Policy

Introduction

This liability management policy has been prepared pursuant to Sections 102(4)(b) and 104 of the Local Government Act 2002.

Generally Council borrows to provide funding for the following activities:

- Fund Council capital expenditure requirements.
- Manage timing differences between cash inflows and outflows.
- Cover special 'one-off' projects.
- Fund assets with intergenerational qualities.

Total debt levels are determined through Council's Long Term Council Community Plan and Annual Plans. Council approves this borrowing requirement for each financial year in the Annual Plan or LTCCP or by later resolution during the year.

Objectives

To ensure Council has appropriate working capital funds available to carry out its plans as outlined in its Long Term Council Community Plan and Annual Plan.

Council will manage its borrowing activities prudently to ensure the best interests of the district are maintained. To undertake this, the following will be considered in conjunction with every transaction undertaken:

- Cost minimisation.
- Cost stabilisation/Risk management.

Specific Borrowing Limits

Council's borrowing limits are:

- Gross interest expense on all borrowings will not exceed 30% of total annual rates income, being total general rates, penalties and targeted rates levied.
- Net Debt will not exceed 10% of Total Equity.

Interest Rate Exposure

Interest Rate risk management refers to managing the impact that movements in interest rates can have on Council's cash flows. This can have both a positive and/or negative impact.

Council will have a high percentage of fixed rate or hedged borrowing. Notwithstanding this, it may be appropriate from time to time, depending on the Council's outlook on interest rates, to have a floating rate profile.

Prudent selection of funding instruments and mix will help the Council achieve its low debt servicing costs and risk minimisation objectives.

Liquidity Policy

Liquidity management refers to the timely availability of funds to Council when needed, without incurring penalty costs. This takes into account the ability to re-finance or raise new debt at a future time at the same or more favourable pricing and terms of existing facilities.

The Council will strive to ensure the timely availability of funds to meet the Council's various expenditure needs, preferably without incurring penalties or holding unnecessary cash reserves.

Council will ensure that replacement funds are available no later than the debt repayment dates.

To minimise the risk of large amounts of debt maturing or being reissued in periods where credit margins are high, Council will avoid concentration of debt repayment dates.

Council will ensure an appropriate amount of accessible bank investments or uncommitted credit lines are available to cover working capital requirements as they fall due.

Credit Exposure

Council will only enter into any arrangements by which it has credit exposure with credit-worthy counter-parties based on Standard and Poors (or equivalent rating in Fitch or Moody's rating). Council approval is required to add to or delete from the counter-party exposure limits. The following table summarises these credit requirements and limits.

| Institution | Minimum S & P Short Term Credit Rating | Minimum S & P Long Term Credit Rating | Total Exposure Limit (% of Total Portfolio) | Portfolio Limit (% of Total Portfolio) |
|------------------------------------|--|---------------------------------------|---|--|
| Government | n/a | n/a | n/a | n/a |
| New Zealand Registered Banks | A2 | A- | n/a | n/a |
| Strongly Rated Corporates | A2 | A- | n/a | n/a |
| SOEs | A2 | BBB | n/a | n/a |
| Local Authorities (rates security) | n/a | n/a | n/a | n/a |

Council can also issue its own bonds. Where prudent the Council will consider the issuance of bonds to raise suitable debt funding to meet its funding requirements.

Debt Repayment

Total debt levels are indicated through Council's Long Term Council Community Plan or Annual Plans. Council's Annual Report will contain information to allow actual debt levels to be compared with those forecast.

Loans raised for specific projects will generally be repaid through user charges or rates. Loans raised for local purposes will generally be repaid by the ratepayers in the relevant local area. Surplus Council funds and proceeds from the sale of investments and assets will be reviewed periodically by Council with a view to repaying debt, or for funding capital projects.

The Council may repay debt before maturity in special cases where the circumstances suggest that this would be in the best interests of the district.

Security

It is Council's general policy to offer security for its borrowing by way of negative pledge or a charge over its rates.

In the normal course, the Council's policy is not to offer security over any of the other assets of the Council. However:

- where borrowing is by way of finance lease, or some other form of trade credit under which it is normal practice to provide security over the asset concerned, or
- where the Council considers doing so would help further its community goals and objectives.

The Council may decide to offer security over the asset.

Internal Loans

All Council investments may be used as a source for internal loans in relation to expenditure of a capital (or one off) nature related to any activity that would otherwise be funded by external loan.

The term of any internal loan shall not be more than 25 years and will be set after taking into account the ability to pay off the ratepayers affected, alternative uses of the funds, and the life of the assets to be funded. All terms of internal loans will be subject to review during the course of the loan.

The interest to be applied to internal loans for any given year will be determined in late November/December of the preceding year as part of Council's Long Term Council Community Plan or Annual Plan assumptions. The method of calculation and the rate will be resolved at this time by Council and will consider Council's present and future financial position as well as market conditions. It is permitted to apply rates of interest below that in specific cases, after taking into account fairness and equity.

Relief, Remission and Postponement of Rates Policy

This policy has been developed in accordance with the Local Government (Rating) Act 2002 Section 85, Local Government Act 2002 Section 102(5).

Definitions

Service Rates include but are not limited to: water, sewerage, regional heritage, and library services rates.

Sports Associations include societies, clubs or association of persons (whether incorporated or not) for games or sports, except galloping races, harness races, or greyhound races.

Rating on Rating Units that can be, but are not connected to Water and Sewerage Schemes

Objective

To recognise that while rating units may be serviceable by Council's utilities, a full service charge should not apply until such time as the rating unit is physically connected to the scheme.

Policy

Where a rate is to be charged on a rating unit for the supply of water or sewerage and a rating unit can be, but is not connected to the service, then Council may charge a half charge in place of a full charge for the rate.

The Group Manager Services and Assets shall have the authority to apply this section.

Rating of Small Sports Associations, where the Associations have Liquor Licences

Objective

To provide for relief from rates for smaller sports associations, in recognition of the contribution that sports associations make to their community and the limited financial resources of the smaller clubs.

Policy

Sports associations that hold a liquor licence, may apply for partial remission of rates (other than services rates) as follows:

- Sports associations with a membership of up to 75 full time member equivalents shall be entitled to a 25% remission.
- Sports associations with a membership of not less than 75 and no greater than 100 full-time member equivalents, shall be entitled to a 12.5% remission.

The Group Manager Customer and Financial Services shall have the authority to remit rates under this section.

Rating of Licensed Halls Owned by Persons, General Clubs, Societies or Associations

Objective

Where Council owns public halls, the rating unit is 100% non-rateable under Schedule 1 of the Local Government (Rating) Act 2002. There are a variety of organisations who own public halls, libraries, athenaeums, museums, art galleries or other similar institutions which are used in a similar vein to those owned by Council (i.e. they provide a benefit to the community as a whole). In recognition of this, this policy provides for 100% rates remission (with the exception of services rates).

Policy

Rating unit(s) owned by a ratepayer, other than Council, and used for a public hall, library, athenaeum, museum, art gallery, or other similar institution may apply for a 100% remission on all rates other than service rates on that rating unit.

The Group Manager Customer and Financial Services shall have the authority to remit rates under this section.

Remission of Penalties

Objective

Council imposes penalties on outstanding instalments as well as the total rates outstanding at the end of each financial year. In many instances this can place the ratepayers under financial duress, or there may be a fair and reasonable explanation for a small delay in payment. This policy provides for a discretionary right to remit total penalties on rates, or a portion thereof.

Policy

The Chief Executive Officer and/or delegated officer shall have the authority to remit a portion of a ratepayer's penalties in the following circumstances:

Arrears

Where a ratepayer is in arrears with payments, and has made arrangements to pay the arrears on a regular basis (and the arrangement is met without exception), then discretion exists to remit the penalties. Conversely, if arrears are remitted and the ratepayer reneges on an existing arrangement, then penalties may be re-imposed.

Significant Family Disruption

Remission of one instalment penalty in any one rating year will be considered where payment has been late due to significant family disruption. Remission will be considered in the case of death, illness or accident of a family member. Applications to remit penalties under this section must be made in writing.

Missing Payments

Remission of one instalment penalty in any one rating year may be granted where it is considered that a cheque or credit card deduction slip may have gone missing through no fault of the ratepayer. Applications to remit penalties under this section must be made in writing and will only be considered providing the missed instalment is paid within seven days of the application.

Payment Misallocation

Remission of instalment penalties may be granted where instalment payments have been received by council or other council approved agency and applied to an incorrect internal account. Where payments are repeatedly receipted to incorrect internal accounts due to ratepayer action (such as internet banking errors) council will advise the ratepayer in writing of the correction necessary for future payments and may refuse to remit any further penalties for this reason.

Lateness of payment

Council has discretion to remit one instalment penalty in any one rating year for lateness where payment is made within five working days of the due date. In such cases, consideration will be given to the history of payments by the ratepayer. Applications to remit penalties under this section must be made in writing.

Extreme Financial Hardship - Remission of Rates

Objective

To provide for the remission (in total or part) of rates and/or penalties in cases of extreme financial hardship.

Policy

A ratepayer may apply for remission of rates and/or penalties in cases of extreme financial hardship, due to any range of factors including, but not limited to illness and natural calamity.

The application must be in writing and include a review of the ratepayer's financial records and commitments and a declaration from the ratepayer of their financial position. Remission of rates, or a portion thereof, may only be made after the Chief Executive is satisfied of the ratepayer's true financial position.

Each application for remission due to extreme financial hardship will be considered on its own merits.

Financial Hardship - Postponement of Rates

Objective

To provide for the postponement (in total or part) of rates and/or penalties in cases of hardship.

Policy

A ratepayer may apply for postponement of rates and/or penalties in cases of financial hardship, due to any range of factors including, but not limited to illness and natural calamity.

The application must be in writing and include a review of the ratepayer's financial records and commitments and a declaration from the ratepayer of their financial position. Postponement of rates, or a portion thereof, may only be made after the Group Manager Customer and Financial Services is satisfied of the ratepayer's true financial position. Each application for postponement due to financial hardship will be considered on its own merits.

Rates may be postponed:

- Until the death of the ratepayer.
- The ratepayer ceases to own the rating unit.
- For a specified period so defined by Council.

Rates postponement agreements shall not exceed six years, but the ratepayer may apply for a continuation of the postponement at the termination of the agreement.

A postponement fee shall be added to all postponed rates to cover, but not exceed the administrative and financial costs of postponement to Council. Postponement fees must be treated as part of the rates on a rating unit. Postponement fees will be set annually as part of the rates resolution.

All postponed rates shall be registered as a charge on the land under the Statutory Land Charge Registration Act 1928. No dealing with the land may be registered by the ratepayer while the charge is registered, except with the consent of Council.

The Group Manager Customer and Financial Services shall have the authority to postpone rates and charge postponement fees under this section.

Grants In Lieu of Remission of Rates

Objective

From time to time Council and its various Boards are asked to remit the rates, or a portion thereof, on a rating unit. Where the application for remission does not “fit” within the other criteria listed above for remissions, but there may be a benefit to the community as a whole in allowing a remission, then Council or the respective Community Board or Committee of Council, may pay the rates on behalf of the individual. This provides for greater disclosure and better accountability of elected representatives.

Policy

Where an application is made to Council or the respective Community Board or Committee of Council, for remission of rates, and the remission cannot be made under any of the existing policies of remission, then the appropriate body of elected representatives may resolve to pay the rates on behalf of the applicant or pay a grant to the applicant for the amount of rates paid by the applicant.

Such payments shall be recorded as an expense against Council or the respective Community Board or Committee of Council.

Remission of Rates in Exceptional Circumstances

Objective

To allow the remission of rates in exceptional circumstances, where the remission does not “fit” within the other criteria listed above for remissions.

Policy

There are instances where the collection of rates is not reasonable. These include, but are not limited to instances where:

- Adjustments are required to rates assessments that cannot then be collected under the Local Government (Rating) Act 2002;
- Penalties are related to rates that have been remitted;
- Collection of rates is uneconomic.

Authority to remit rates under this section shall be on a case by case basis at the discretion of the Chief Executive.

Remission and Postponement of Rates on Māori Freehold Land Policy

Objective

Council has operated rates remission policies for multiple-owned Māori land, being:

- Unoccupied land that is better set aside for non-use (whenua rahui).
- Some of this land is unimproved and unoccupied, and is returning neither income nor occupational benefit.
- Unoccupied land on which there is no income and from which no one is gaining a benefit.

Reasons for non-occupation are varied but can include:

- The land is of such a nature that it is best left in a natural state or unoccupied.
- The land is marginal in quality.
- The multiple ownership constrains negotiation of occupation.
- Security cannot be given for borrowings to develop the land.
- There is no desire to make economic use of the land.

Council has recognised that the nature of this land is such that it is appropriate to provide relief from rates.

| | |
|--|---|
| <p>Waitutu Land The land vested in the Department of Conservation in the Waitutu block be non-rateable.</p> | <p>Rakiura Māori Land Inc - Māori Reserves Council apply First Schedule, Part 1, paragraphs 10-14 of the Local Government (Rating) Act 2002 which has "Māori customary land" as non-rateable.</p> |
| <p>Rakiura Māori Land Inc - Other Land (excl. Lords River Land)</p> <ol style="list-style-type: none"> 1. The land vested in the Rakiura Māori Land Incorporation remain rateable. 2. Section 96 of the Local Government (Rating) Act 2002 applies if any of the "occupation" tests become relevant. 3. If not, then Section 93 of the Local Government (Rating) Act 2002 applies. Proof that the rates are unable to be paid out of money, whether capital or income, derived from the land would be required each year by way of a set of accounts of the incorporation. 4. If Council is satisfied that the rates are not payable for any year, that the rates for that year be written off. | <p>Waimumu Trust Land</p> <ol style="list-style-type: none"> 1. The land vested in the Waimumu Incorporation remain rateable. 2. Section 96 of the Local Government (Rating) Act 2002 applies if any of the "occupation" tests become relevant. 3. If not, then Section 93 of the Local Government (Rating) Act 2002 applies. Proof that the rates are unable to be paid out of money, whether capital or income, derived from the land would be required each year by way of a set of accounts of the incorporation. 4. If Council is satisfied that the rates are not payable for any year, that the rates for that year be written off. |
| <p>Other Māori Freehold Land</p> <ol style="list-style-type: none"> 1. Māori freehold land not vested in a trustee and owned by multiple unidentified owners remain rateable. 2. Section 96 of the Local Government (Rating) Act 2002 applies if any of the "occupation" tests become relevant. 3. If not, that rates on such land be written off each year, as per Section 114 of the Local Government (Rating) Act 2002. | |

Significance Policy

Objective

This policy sets out the Southland District Council's approach to determining the significance of Council's proposals and decisions. This policy is a requirement of the Local Government Act 2002. In particular there is a requirement under Section 97 of the Act that certain decisions can only be taken if the decision is explicitly provided for in the Council's Long Term Council Community Plan and included in a statement of proposal under Section 84 of the Act.

Background

The Local Government Act 2002 requires the Southland District Council to adopt a significance policy setting out:

- The Council's general approach to determining the significance of proposals and decisions in relation to issues, assets, or other matters.
- Any thresholds, criteria, or procedures that are to be used by the Council in assessing the extent to which issues, proposals, decisions, or other matters are significant.
- Any assets considered by the Council to be strategic assets.

Policy guidelines on Council's general approach to determining significance

For the Council, a significant decision is one that has a high degree of importance in terms of:

- The district's current and future social, economic, environmental or cultural wellbeing.
- Its likely impact on the people who are interested in or affected by the decision.
- The capacity of the Council, including the cost to implement the decision.

It is Council's decision on what 'a high degree of importance' means in each instance. The three factors above are set out in the legislation. The legislation also sets a high level of importance for a decision to be deemed to be significant. The Council's Long Term Council Community Plan sets out how the Council will work with the community to achieve social, economic, environmental, and cultural wellbeing, and significant issues, proposals, decisions or other matters will be included in the Long Term Council Community Plan wherever possible. Where this is not practical, significant issues will be included wherever possible in the Council's Annual Plan produced in the years between the Long Term Council Community Plan. Significant decisions will only be made outside the above process where there are compelling reasons to do so.

Policy guidelines on thresholds, criteria and procedures for determining which proposals and decisions are significant

The Council will use the following criteria and thresholds as guidelines to help it decide if specific proposals and decisions are significant.

| | Significant |
|--|--|
| Impact on Council's direction | Major and long term |
| Change in Council's current level of service | Major and long term |
| Level of Public Impact and/or Interest | Major and district and/or community wide |
| Financial Impact | >10% of Annual expenditure |

It is the Council who decides whether or not a specific proposal or decision is significant. A decision is significant if, in the Council's judgement, one or more of the criteria fall in the above significant column. The Council will evaluate the significance of each proposal or decision it makes.

Council recognises that consultation is an important process in the way that it carries out its responsibilities and will follow its consultation policy to decide on an appropriate form of consultation for each proposal according to its significance.

Strategic assets owned by the Council

A strategic asset is any asset that Council needs to retain in order to achieve a current or future outcome important to the continued wellbeing of the community.

Council is required pursuant to Section 90(2) of the Local Government Act 2002 to list all strategic assets as defined in Part 5 of the Act. The strategic assets set out below are not exhaustive but include those that are considered significant in ensuring the Council's capacity to achieve or promote any important outcome. The Council has identified its strategic assets as:

- Roothing/bridge network as a whole.
- Individual water treatment plants and reticulation networks.
- Individual wastewater treatment plants and reticulation networks.
- Individual stormwater reticulation networks.
- Individual District Reserves (Parks/Reserves).
- Stewart Island Electricity Supply Authority.
- Te Anau airport at Manapouri.
- Community housing as a whole.

It is important to note that Council manages a number of strategic assets as a whole. This is because the asset class as a whole delivers the service. Strategic decisions, therefore only concern the whole asset class and not the individual components, unless that component substantially affects the ability of Council to deliver the service. It is the principle of the provision of the services, not the individual roads, pipes, tanks, or power poles that makes these asset groups strategic.

The Council cannot transfer ownership or control of a strategic asset, or construct, replace or abandon a strategic asset unless it has first consulted with the community and included the proposal in the Long Term Council Community Plan.

Council recognises that there are some assets that, although do not fit the legal definition of strategic asset, are of high community importance and interest. Council will appropriately consult the communities on issues relating to these assets.

Partnerships with the Private Sector Policy

Objective

This policy sets out the Southland District Council's approach to partnerships with the private sector. This policy is a requirement of the Local Government Act 2002.

Background

The Local Government Act 2002 requires the Southland District Council to adopt a policy setting out:

- The circumstances (if any) in which the Council will provide funding or other resources in a partnership arrangement with the private sector whether by way of grant, loan, investment or guarantee.
- What consultation Council will undertake in respect of any proposal to provide funding or resources.
- The conditions (if any) that Council would impose before providing funding or resources.
- An outline of how risks associated with the provision of any funds or resources would be assessed and managed.
- An outline of the procedures by which any funding or resources provided would be monitored and reported on to Council.
- An outline of how Council would assess, monitor and report on the extent that Council's community outcomes are furthered by any partnership with the private sector.

Circumstances

The Southland District Council (Council) may consider entering into a partnership with a private sector partner where Council is satisfied that:

1. The proposed partnership:
 - (a) Will contribute to achieving the community outcomes identified in the LTCCP in an integrated and efficient manner.
 - (b) Will promote the social, economic, cultural or environmental wellbeing of the district, in the present and for the future.
 - (c) Will be a prudent, efficient and effective use of the Council's resources in the interests of the district.
2. Where Council may be unwilling or unable to bear all of the risk (usually, though not always defined in terms of financial risks) of a particular project itself.
3. Where neither Council nor a private provider would otherwise provide the services or activity without the partnership.
4. Where there are identifiable advantages in the project or activity being undertaken as a public private sector partnership rather than by either of the parties separately.
5. The objective of the partnership is desirable in the interests of the communities, but the private sector is unwilling or reluctant to provide sufficient resources for the achievement of the objective of the partnership without Council support.
6. The benefits of the proposed partnership (in terms of achievement of community outcomes and promotion of the four aspects of wellbeing now and in the future) will exceed the costs.

Types of Involvement

Council may consider the following methods of involvement:

- Grants, where there is a justified benefit to the communities, it is a Council priority, and funds are available for the activity.
- Loans, where the benefit to the communities is significant, but it is assessed that income or other funding can in time be accessed.
- Investments, where there are deemed to be significant public benefits, and the communities has been consulted, either during an LTCCP or Annual Plan consultation or separately using the special consultative procedure.
- Acting as a guarantor for assets being constructed on Council owned land.
- Acting as a guarantor in extraordinary circumstances may be considered by Council following community consultation, and where there are appropriate safeguards in place to ensure budgets are not exceeded and where limitations are specified as to the total amount Council is guarantor for.

Nothing in this policy commits Council to entering into such a partnership even if it will help achieve community outcomes or objectives.

Conditions to be Imposed

The Council will require, as condition of providing funding or other resources to any form of partnership with the private sector, that the private sector partner enter into a written agreement recording the terms of the arrangement or agreement, stating clearly:

1. The objectives of the partnership.
2. The parties' respective roles, responsibilities and obligations under the agreement, including responsibility for obtaining any necessary consents, licences or other approvals, or to undertake any matter or do anything.
3. Details of the Council's agreement to provide funding or other resources to the partnership.
4. The Council's expectations in relation to the private sector partner's contribution to the achievement of the community outcomes or promotion of the aspects of community wellbeing, current and future including, where possible, target performance measures.
5. The Council's requirements in relation to monitoring and reporting of performance.
6. Consequences of non-performance by the private sector party.

The Council may impose any other conditions it considers appropriate in the circumstances.

Council will not enter into a Public Private Partnership where:

- The activity is primarily speculative in nature.
- Insurance cover cannot be obtained that is considered adequate to meet foreseeable risks.
- The cost or risk of the partnership is judged to be greater to the communities than the benefits that would accrue from the partnership.

Where appropriate, Council reserves the right to apply competitive tendering processes, in accordance with Council policy. Other conditions may be imposed as considered appropriate by Council.

Consultation

Council will consult on individual partnerships where:

- The partnership is assessed as being greatly beneficial, but falls outside the conditions or circumstances identified in the policy.
- An investment is proposed.
- It is proposed to act as guarantor in extraordinary circumstances.
- The partnership would result in significant positive or negative changes in service levels, as defined in Council's Significance Policy.
- The proposal would have a material impact on Council's projected budgets, performance measures, outcomes or other objectives.
- Ownership or control of a significant asset (as defined in Council's Significance Policy) is to be transferred to or from Council.
- There is expected to be considerable public interest in whether or not the partnership should proceed and/or it meets the test of significance as set out in Council's Significance Policy.

Where practicable, consultation on partnerships with the private sector under the above criteria will take place under the Long Term Council Community Plan or Annual Plan process. Alternatively, a separate special consultative procedure may be undertaken.

Risk Management

In assessing every partnership proposal, the potential risks to the Council will be carefully outlined and considered. Risk will be assessed in terms of the probability of an adverse outcome, the cost/impact of that adverse outcome and the ability to, and cost of, mitigating that risk.

Potential risks include:

1. Financial risk.
2. Risk to the reputation of Council and the Southland District.
3. Risk to the capacity of the Council to carry out its activities, now and in the future.
4. Safety of persons and property.
5. Protection of any intellectual property.
6. Any other potential loss.

If the risks are considered significant, in terms of probability and potential effect, the Council will decide whether the partnership should proceed at all, and if it decides it should proceed, a risk management strategy will be developed to minimise or provide cover for that risk to the satisfaction of Council. The strategy may include requiring contractual assurances from the private sector partner, such as indemnities and guarantees, and may require closer monitoring and control over the conduct of the partnership.

Monitoring and Reporting

A private sector partner will be expected to report using GAAP (generally accepted accounting principles) appropriate to their type of financial entity, and to allow auditing of financial and non-financial records as and when reasonably requested by Council or a representative appointed by Council.

Monitoring and reporting requirements will vary depending on the level of resources Council is expending/investing/protecting, and the nature of the partnership.

The following points may be considered:

- Proposals for partnerships with the private sector should state how they might contribute to outcomes or objectives in the LTCCP.
- Measurable and auditable performance standards should be included where appropriate in partnership documents.
- Progress on agreed outcomes and objectives should be reported on to Council's Activities Performance Audit Committee on a six-monthly basis.
- Quarterly or annual financial reports may be required.
- Transparency in the conduct and reporting of partnership activities should be emphasised, acknowledging the need to protect commercial confidentiality where appropriate.
- The performance of the partnership will be reported on in Council's Annual Report.

Assessing, Monitoring and Reporting on Achievement of Community Outcomes

Council's monitoring and reporting requirements in relation to any particular partnership will be tailored to reflect the significance of the proposal and the significance of resources allocated to the partnership.

The Council's monitoring and reporting requirements will be included in the written agreement with the private sector partner, and may include the following, as appropriate:

1. A requirement for regular financial reports on the partnership project.
2. A requirement for regular performance reports on the achievement by the partnership of the relevant community outcomes, and any impacts on the social, economic, cultural and environmental wellbeing of the community.
3. A requirement to report on specifically agreed outcomes and objectives.

