

REVENUE AND FINANCING POLICY

POLICY REFERENCES

Effective date

1 July 2018

Review due

30 June 2021

Legal compliance

Local Government Act 2002 Section 102(2)(a) and 103

1 INTRODUCTION

1.1 PURPOSE

The Revenue and Financing Policy is adopted to provide predictability and certainty about sources and levels of funding. It explains Council's policies in respect of the funding of operating and capital expenditure from the various funding sources available to it. It also explains how Council has undertaken analysis of its funding needs.

1.2 STRUCTURE OF THE POLICY

This Policy is structured as follows:

- Council's broad principles, including processes for review of overall allocation of liability.
- Council's policy on funding operating expenses.
- Council's policy on funding capital expenses.

1.3 RELATED POLICIES

A number of Council policies have relationships with the Revenue and Financing Policy:

- Financial Strategy – this Strategy sets out how Council plans to finance its overall operations in order to meet its Community Outcomes.

- Liability Management Policy¹ – this Policy outlines Council's policies in respect of the management of both borrowing and other liabilities.
- Investment Policy¹ – this Policy outlines Council's policies in respect of investments.

Development and Financial Contributions Policy – the purpose of this policy is to ensure that a fair, equitable and proportionate share of the cost of infrastructure to meet growth, is funded by those who cause the need for and benefit from the new or additional infrastructure, or infrastructure of increased capacity. Council is required to have a policy on development contributions or financial contributions. Council's Tasman resource Management Plan (TRMP) contains provision for Financial Contributions for reserve purposes (the legal power for which expires 18 October 2023.)

Rates Remission Policy and Policy on Remission and Postponement of Rates on Māori Freehold Land – these policies detail those circumstances under which Council will give consideration to the remission or postponement of rates on properties.

Infrastructure Strategy – This Policy identifies key issues relevant to the provision of infrastructure, the key options for addressing those issues, and the subsequent financial implications for the next 30 years.

1.4 COMMUNITY OUTCOMES

Council's Community Outcomes are:

- Our unique natural environment is healthy, protected and sustainably managed (also referred to as "Natural environment").
- Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed (also referred to as "Human environment").
- Our infrastructure is efficient, cost effective and meets current and future needs (also referred to as "Infrastructure").
- Our communities are healthy, safe, inclusive and resilient (Also referred to as "Community").

¹ Both policies are contained within a single document titled "Tasman District Council Treasury Risk Management Policy – Including Liability Management and Investment Policies."

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- Our communities have opportunities to celebrate and explore their heritage, identity and creativity (Also referred to as “Culture”).
- Our communities have access to a range of social, cultural, educational and recreational facilities and activities (also referred to as “Recreation”).
- Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement (also referred to as “Governance”).
- Our region is supported by an innovative and sustainable economy (also referred to as “Economic”).

2 PRINCIPLES OF POLICY

A number of funding sources are available to Council to fund its activities. This Policy outlines Council’s approach to funding its activities. It provides information on what funding tools are used and who pays, as well as describing the process used to make these decisions.

This Policy should be read in conjunction with the Funding Impact Statement contained in the Long Term Plan (LTP) or Annual Plan. The Funding Impact Statement is the mechanism used to implement the Revenue and Financing Policy and provides detail on how rates are set including details of the targeted rates, and details of any differentials applied.

As required by Section 101(3) of the Local Government Act 2002, Council uses a two-step process to determine how its funding needs will be met from the various funding sources. The first step is that Council determines the appropriate level of funding in relation to each activity considering;

- i. the community outcomes to which the activity primarily contributes; and
- ii. the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals (Referred to as “Who Benefits”); and
- iii. the period in or over which those benefits are expected to occur (Referred to as “Period of Benefit”); and
- iv. the extent to which the actions or inactions of particular individuals or a group contributes to the need to undertake the activity (Referred to as “Whose act creates the need”); and

- v. the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities (Referred to as “Rationale for separate funding”).

Council then considers the overall impact of any allocation of liability for revenue needs on the community. Council considers the impact of rates and rates increases on various types of properties, including residential and lifestyle properties, properties in the rural sector, and business properties with varying ranges of rateable values and services. The level of the Uniform Annual General Charge is one of the “tools” Council uses to moderate rates movements for rating units. Council also considers impact of other charges (e.g. Development Contributions).

In applying section 101(3), Council has determined the following basic principles to guide the appropriate use of funding sources:

Non rates funding: Subsidies, grants and other income options are fully explored prior to rates funding being used.

For example: Transportation. Council is eligible for central government subsidies and grants from organisations such as New Zealand Transport Agency. Therefore, a proportion of the costs are recouped from this source.

Fees and charges: An activity should be funded by users or exacerbators if an individual or group of individuals directly receives the benefits of the activity or causes the action, and the costs of the activity can easily be attributed and charged to that individual or group of individuals.

For example: Community Housing. Only individuals that live in the housing benefit directly, and they can be held accountable for the costs. Therefore, user charges are used.

Where it is appropriate for users or exacerbators to fund an activity because they receive the benefit, but Council cannot easily attribute or charge the costs individually and the costs are significant enough to warrant separate charging, it may set **targeted rates**. Other than for volumetric water, there are limited legal mechanisms for charging for true “user pays” through rates. Proxies are often used.

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For example: Council uses a fixed targeted rate for kerbside recycling for those properties in a certain area, which is set as a proxy for the service delivery area.

An activity should be collectively funded using **general rates** if the benefits of the activity are largely received by the broader community and the costs of the activity cannot easily be attributed to an individual or group of individuals, or where it is uneconomic to collect via user charges or targeted rates.

For example: Civil Defence. Everyone benefits. No individual can be responsible for the costs. Therefore, it is entirely general rate funded.

In some cases Council will set **districtwide targeted rates** that are set at a fixed amount per rating unit. This mechanism is used when Council determines that the benefit of the activity is a public benefit but the benefits are similar whether the property is developed or undeveloped.

For example: Community facility funding: everyone in the district benefits, and therefore a districtwide targeted rate is set. This is more appropriate than a capital value rate because the degree of benefit from these facilities is the same, regardless of property value.

The whole district should contribute funds to a range of key infrastructure assets irrespective of their location and the population they serve, although targeted rate differentials can still be set to reflect differing levels of benefit under this approach. Through a **“club” approach**, all members will share in the costs and benefits of paying for each other’s infrastructure and services which helps provide more certainty and affordability to rates and helps ensure consistent levels of service across the district. Once in a “club”, areas cannot opt out in the future. Before an area first joins a “club”, Council will review its assessment of who pays and why for the associated activity. In making this assessment, Council will consider factors including the future capital works program and its timing. Council may determine that the area should pay more, temporarily, to ensure an appropriate distribution of costs relative to benefits in the event of significant planned capital works in the area. The “club” approach is a general principle for utility infrastructure and the Urban Water Club is one such example. At the moment, the Motueka community has not opted to join the Urban Water Club.

For example: Wastewater Supply. Properties serviced by the wastewater network all benefit from the connection and therefore one rate is set for properties with connections, regardless of where in the District the connections exist. Differentials are used to charge non-residential customers who have more than one pan with pans being used as a proxy for use of the network.

Intergenerational equity: Each generation of ratepayers should pay for the services they receive. Therefore, for assets which have long term benefit, debt funding will typically be undertaken. Generally, where loans are used to fund capital expenditure, they will be limited to a term of 20 years, or the life of the asset, whichever is the shorter. In some cases, where capital expenditure will benefit residents for a long period into the future, it may be more equitable to have a longer term loan, to ensure those who benefit pay the costs.

For example: Capital funding for a new community facility. In practice this would be achieved by borrowing at least part of the cost of the asset and repaying the loan over the lifetime of the asset or a shorter timeframe as determined by Council.

Council’s **dividend income** from sources including the Nelson Port and Airport is allocated between activities based on the activities total operating cost and will be a source of “Local authorities fuel tax, fines, infringement fees, and other receipts” income.

Funds received by Council from **major Asset Sales** will be used to repay any debt associated with that asset, and any funds remaining will be used as determined by the Council. The original source of funds, restrictions and the use of related income will be recognised in the use of proceeds from asset sales. It is also noted that where there is a legal responsibility associated with any property that may be sold, that responsibility will be managed accordingly.

FUNDING SOURCES

Rates are a property tax and the legislative provisions covering the levying and collection of rates are prescriptive. Because fixed charges per property result in a regressive tax outcome Central Government has restricted their use. Council must not receive more than 30% of its total rates income from the Uniform Annual General Charge (UAGC) and other targeted rates set on a uniform basis (excluding rates for water supply and sewage disposal).

REVENUE AND FINANCING POLICY (CONT.)

Council has identified a number of rating sources under either general or targeted rates. These are detailed in Council's Funding Impact Statement. In summary, Council's rating sources are identified as follows:

GENERAL RATE

This is a major source of Council's revenue and is used where there is a deemed general benefit for the activity across the entire District, or where it is not economic to fund or collect revenue separately. Council continues to review its funding policy giving consideration to perceived areas of direct or indirect benefit for each activity and any new projects proposed by Council.

Council sets a general rate based on the capital value of each rating unit in the District. This rate is set as a rate in the dollar of capital value. Capital value better reflects the level of benefit a property is likely to receive from services than land value.

Council does not use differentials for the general rate.

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

This rate is a method of collecting part of the general rate and is charged as a fixed amount per rating unit. It is deemed that properties receive equal benefit for some services they receive regardless of the rateable value of those properties and, therefore, it is appropriate to charge some of the general rate as a fixed amount through a UAGC. The UAGC can also be used to moderate the level of overall rates changes.

TARGETED RATES

Targeted rates are also a major source of Council revenue. In addition to funding projects that benefit a group of ratepayers, targeted rates may be used to provide certainty of the Council recovering its costs, or where greater transparency in funding the cost of the activity is desirable. Council has identified targeted rates over the next 10 year period for:

- Stormwater
- Water supply
- Wastewater
- Regional river works
- Motueka and Richmond business rates
- Ruby Bay Stopbank (Ending 2021 – 2022)

- Mapua Stopbank
- District facilities
- Shared facilities
- Museums facilities
- Facilities operations
- Waimea Community Dam
- Golden Bay and Motueka community board rates
- Refuse/recycling
- Mapua rehabilitation (Ending year after land sale occurs)
- Torrent Bay replenishment
- Motueka flood control (Ending 2019 – 2020)
- Warm Tasman (Ending 2024 – 2025)

In some situations it is uneconomic to collect the costs of an activity via a targeted rate, in those cases the costs are usually covered by the general rate.

Other funding sources will be set out under the Operating and Capital sections of this Policy.

For planning purposes the following descriptions are used to express the portion of operating activities represented by a particular operating revenue line:

Low:	0 – 20%
Low – Medium:	15 – 45%
Medium:	40 – 60%
Medium – High:	55 – 85%
High:	80 – 100%

The specified funding source proportions are used in planning the activity from a planning basis and are indicative only. They are not intended as an exact realisable proportion, rather as a guideline. If budgets were marginally outside these ranges, it is unlikely that Council will consider that matter to have a high degree of significance and therefore warrant a consultation to change this Policy. It is also likely that actual funding sources will differ in proportion from the budgeted funding sources. The proportions are presented at the **activity summary level – not at the level of the individual components of an activity.**



REVENUE AND FINANCING POLICY (CONT.)

3 FUNDING OF OPERATING EXPENSES

Council has made a determination as to the most appropriate way of funding the operating expenses for each activity.

The following section of this Policy sets out each Council activity area and discusses the matters required under Section 101(3) (a) regarding the appropriate source of funding for operating expenses for each activity. It looks at the contribution each activity makes to the community outcomes and how the activity benefits individuals, parts of the community or the whole community. The funding sources are presented as a target range. The actual contribution from each funding source may vary from year to year depending on the relative contributions required for the sub-activities, external grants and subsidies and/or the impact of one off events.

Council funds its activity operating expenditure which are recorded in each activity's funding impact statement from the following sources:

- General rates, uniform annual general charges, rates penalties (referred to as "general rates")
- Targeted rates
- Fees and charges
- Subsidies and grants for operating purposes (referred to as "subsidies and grants")
- Internal charges and overheads recovered
- Local authorities fuel tax, fines, infringement fees, and other receipts.

ACTIVITIES

Council has established 12 Groups of Activities.

Because Council takes a consolidated corporate approach to rates and some activities are funded by rates that include both capital and operating components, some of the commentary in this section will apply to capital as well as operating expenditure.

REVENUE AND FINANCING POLICY (CONT.)

3.1 ENVIRONMENTAL MANAGEMENT

This activity covers the provision of environmental policy advice, the development, review and implementation of resource management policies and plans, investigating significant environmental issues, maintaining an efficient resource information base to respond to environmental hazards, providing advice

on environmental conditions and issues, assessing and processing resource consent applications and related compliance monitoring and enforcement and processing development contribution assessments, undertaking biosecurity (pest management) responsibilities and control work in the District and maintaining indigenous biological diversity.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	<p>We develop and review policies, plans and design guides that promote the sustainable management of natural and physical resources and, where necessary, regulate activities that could over time degrade the environment or place resources under pressure.</p> <p>We engage with Iwi and the community via advocacy and interventions in local, catchment and regional scale initiatives to maintain and enhance the natural and productive landscape.</p> <p>We monitor activities that could have a negative effect on our environment and take action to prevent such effects through education and enforcement.</p>
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	<p>By managing animal and plant pests, working with landowners and the broader community to protect biodiversity, soil and water sustainability including the use of targeted spending to ensure effective riparian and waterway management on farms, and educating to encourage responsible environmental behaviours, we seek to ensure Tasman remains special.</p> <p>Ensuring consent approvals for the development and use of the environment promotes sustainable management of natural and physical resources. Where necessary, conditions can be imposed (and monitored) that regulate activities which might otherwise degrade the environment or place resources under pressure.</p> <p>We take a strategic approach to planning for and managing growth. By ensuring that our communities living environments are appropriate in location and scale, are pleasant, safe, and that the activities of others do not adversely impact on them.</p> <p>Through monitoring and investigating the state of the environment and identifying trends, risks, and pressures it faces, particularly in relation to land, soils, water, air and the coast. The information we hold about natural hazards and contamination risk is used to make better decisions, and have in place planning for the future needs of the District.</p> <p>By educating people and providing them with information to enable them to live more sustainably and to be more resilient.</p>
Our infrastructure is efficient, cost effective and meets current and future needs.	<p>We support other areas of Council to meet this outcome by having in place effective resource planning processes which ensure infrastructure provision is appropriate, efficient, and available to meet the demands of the community.</p> <p>We provide hazard information and promote best practice design, development, and use of important utility services.</p> <p>We provide a highly valued district wide telemetry linked network that allows us to measure and understand what is happening in relation to the quality of our environment. This same network allows us to properly manage the quality of the water resources available for allocation.</p>

REVENUE AND FINANCING POLICY (CONT.)

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
<p>Our communities are healthy, safe, inclusive and resilient.</p>	<p>By having in place processes that safeguard the community's health and wellbeing and which ensure resource use and human activities affecting resources do not adversely affect quality of life. Including monitoring recreational bathing water quality or toxic algae presence, surveying groundwater resources for drinking water suitability. By maintaining an effective flood warning system, monitoring air quality, and working to identify contamination risks we promote safety of people and community well-being now and for future residents.</p>
<p>Our communities have opportunities to celebrate and explore their heritage, identity and creativity.</p>	<p>Our planning framework identifies heritage buildings, iconic landscapes, sites important to Iwi, and sites of significance to the district. Having in place a framework for protecting and enhancing these values. Ensuring that sites important to Iwi are considered when planning decisions are made.</p> <p>By working with landowners to enhance biodiversity helps to protect the natural heritage values.</p>
<p>Our communities have access to a range of social, cultural, educational and recreational facilities and activities.</p>	<p>Our plans and consenting processes ensure recreational opportunities are provided when land is subdivided. We maintain a recreational bathing water quality network and cyanobacteria monitoring programme to ensure waterbodies are suitable for use. Put limitation on inappropriate development of valued spaces. Take an advocacy role to promote environmental awareness.</p>
<p>Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.</p>	<p>Public participation is provided for in the processes of developing and administering policies and plans under the Resource Management and Biosecurity Acts and we actively seek to work with stakeholder communities.</p> <p>We work with Iwi when developing policies and plans. For example, the Kotahitanga mo te Taiao partnership with top of the south Iwi, DOC and Councils demonstrates leadership across boundaries. We work to encourage the development of 'best management practices' in our productive landscape and have established community networks and water user groups to help us fulfil our responsibilities.</p> <p>We make information and resource data available and work with applicants, landowners and community groups to help them make sound decisions and provide advice to customers and applicants through on-duty staff.</p> <p>We advocate to central government and other public agencies where their actions will impact on the interests of Tasman District.</p>
<p>Our region is supported by an innovative and sustainable economy.</p>	<p>Policies, plans, models, and information help identify opportunities for economic development and potential hazards and constraints affecting such opportunities. Our biosecurity activities on land and sea are often designed to protect primary production activities from economically damaging pest incursions.</p> <p>Resource information identifies opportunities for economic development in the use and development of resources of benefit to current and future generations, and potential hazards and constraints affecting such opportunities.</p> <p>Development approvals can facilitate economic development opportunities and compliance monitoring can ensure fair and equal opportunities for all.</p> <p>We actively encourage people to adopt best practice in relation to their use of resources such as land, water, air, and the coast.</p>

REVENUE AND FINANCING POLICY (CONT.)

Who benefits/whose act creates the need

There is some private benefit of this activity to applicants and exacerbators (e.g. resource consents/private plan change requests/SHA developers), permit holders (e.g. resource consents), or beneficiaries (royalties/gravel and shingle extraction and Nelson City Council for regional functions).

Environmental management has a mix of private and public benefits, as well as encouraging optimal resource use over time.

Environmental policies and plans, including the TRMP, are statutory documents required by legislation to promote the sustainable management of the District's resources and manage the consequences of activity on the environment and therefore benefits the District as a whole, however private benefit arises for those who have undertaken private plan change requests.

Council's environmental information function provides information on the state of the environment, on the risks to environmental values, and on environmental trends. The information assists well-informed decision-making and planning which promotes a better environment and the sustainable use and development of resources, to the benefit of the community. The management of pests is essential for the District's prosperity, environmental sustainability and health.

Successful resource consent applicants are able to use resources.

The compliance function benefits all in the district, resulting in a clean, healthy environment. Permit holders obtain the benefits arising from holding permits and create the need for the compliance function.

Warm Tasman homes specifically benefits properties who have had insulation or heat pumps put into their properties.

Rehabilitating land that was contaminated in Mapua is considered to have a general benefit to the community.

Period of benefit

Immediate through to long term (e.g. ongoing positive environmental outcomes).

Rationale for separate funding

A large portion of the activity is of public benefit, meaning user charging is not feasible for a significant part of this activity.

Identifying separate funding where practical assists in the accountability and transparency of Council's costs on this activity.

Funding sources and rationale

This activity is largely public good.

The ability to charge applicants, permit holders or beneficiaries makes user charging, and to a lesser extent targeted rates, feasible for some streams of the activity.

In addition, there is sometimes scope for government funding.

Exacerbators such as those incurring infringements are also feasible to charge and this is recorded in "local authorities fuel tax, fines, infringement fees, and other receipts".

- General rates: Medium – High
- Fees and charges: Low – Medium
- Local authorities fuel tax, fines, infringement fees, and other receipts : Low
- Targeted rates including Warm Tasman and Mapua Rehabilitation: Low. Note: Mapua Rehabilitation spend is considered to be of general benefit to the public in the whole district – but without a relationship to the values of property, therefore a uniform targeted rate is considered appropriate
- Subsidies and grants: Low

REVENUE AND FINANCING POLICY (CONT.)

3.2 PUBLIC HEALTH AND SAFETY

This activity involves the provision of advice and discharging statutory functions in the areas of public health, building, environmental health (including liquor licensing, food safety), hazardous substances, animal

control, civil defence and emergency management, parking control and maritime safety. It involves assessing and processing permit and registration applications, the administration of bylaws, and associated monitoring and enforcement action.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	Ensuring recreational boating is safe keeps Tasman special. Effective education and dog control limits negative effects on native fauna. Abandoned vehicles are removed thus preventing damage to our environment.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	The activity ensures that living environments are safe, and that the activities of others do not negatively impact on citizen's lives. Through ensuring buildings are well constructed, safe and weather-tight, the activity contributes to the development of the district, and protection of assets in the community.
Our infrastructure is efficient, cost effective and meets current and future needs.	Parking control ensures parking facilities are available to ensure public access to urban retailers and services.
Our communities are healthy, safe, inclusive and resilient.	This activity safeguards the community's health and wellbeing by ensuring standards of construction, food safety, and registered premises operation are met and that alcohol sale and consumption and nuisances from dogs and stock do not adversely affect quality of life. Our civil defence and emergency management system is designed to promote safety of people and a resilient community.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity.	Safety support to events such as waka racing and classic boats assists the community in conducting heritage events.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.	We encourage people to be involved in making preparations for a civil emergency and have in place arrangements to cope in the face of climatic or natural hazard events. We work with Maritime NZ to provide a maritime oil response service.
Our region is supported by an innovative and sustainable economy.	Good regulatory practices contribute to economic well-being in the community.

REVENUE AND FINANCING POLICY (CONT.)

Who benefits/whose act creates the need

There is a significant private benefit of this activity to applicants and exacerbators (e.g. parking and animal control infringement and bylaw infringements, building consent and certificate of acceptance applicants, LIM applicants, dog owners, building warrant of fitness applicants, liquor licensing applicants, commercial maritime license holders, Abel Tasman foreshore concession holders, food premises/ food stalls, etc.).

The setting and enforcing of standards provides public health and safety for the wider community meaning this activity has some public benefits.

The community benefits from emergency management from the maintenance of a response capability and knowledge of hazards, and measures to mitigate and contain harmful events.

Period of benefit

Immediate through to longer term (e.g. from the construction of safe buildings).

Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs on this activity, where possible and appropriate.

A portion of the activity is of public benefit, meaning user charging is not always feasible.

Funding sources and rationale

This activity has a significant scope for directly charging either exacerbators or parties who benefit and for this reason fees and charges will be a significant revenue source.

There is also public benefit in providing public health and safety which means general rates are an appropriate funding source. It is also not practical to identify and charge all those who receive advice, these costs will be funded by general rates.

There may also be some opportunity for external funding from time to time and if so it will be utilised.

Fuel excise duty refund, parking infringements, bylaw infringements, and animal control infringements are recorded as "local authorities fuel tax, fines, infringement fees, and other receipts."

- Fees and charges: Medium – High
- General rates: Low – Medium
- Local authorities fuel tax, fines, infringement fees, and other receipts: Low
- Subsidies and grants: Low

REVENUE AND FINANCING POLICY (CONT.)

3.3 TRANSPORTATION, ROADS AND FOOTPATHS

This activity includes management of a transportation network that comprises roads, (both sealed and unsealed), bridges (including footbridges), footpaths, walkways and cycleways, off street car park areas, on

street car parking, streetlights, traffic signs, culverts and Tasman's Great Taste Trail.

This activity also includes other transportation related services, for example transport planning, road safety and public transport services like the Total Mobility Scheme.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	We minimise the effect on our natural environment by undertaking routine road sweeping, sump cleaning, and litter removal.
Our urban and rural environments are people friendly, well-planned, accessible and sustainably managed.	We aim to provide a transportation network that is safe to use and accessible to all. Our road network is the backbone of the district and connects our communities.
Our infrastructure is efficient, cost effective and meets current and future needs.	We undertake robust long and short term planning to enable infrastructure and activity management decisions to be optimised to meet both the current and future demand.
Our communities are healthy, safe, inclusive and resilient.	We provide a safe and resilient transport network.
Our communities have access to a range of social, cultural, educational and recreational facilities and activities.	Our transport network enables the community to travel to their social, educational and recreational activities.
Our Council provides leadership and fosters partnerships, a regional perspective and community engagement.	We provide an integrated transport network with our partner NZTA as well as our neighbours, Nelson City Council and Marlborough District Council. Along with these parties, we prepare Regional Land Transport Plans that are aligned across the Top of the South.
Our region is supported by an innovative and sustainable economy.	Our transport system is operated in an effective and efficient way to meet the needs of residents and businesses, as well as enabling our economy to thrive and grow.

REVENUE AND FINANCING POLICY (CONT.)

Who benefits/whose act creates the need

Users create the need for infrastructure and maintenance. The benefits apply in part to the whole community, as people are free to use any public road, footpath, and cycleway in the District.

Council receives subsidies from the New Zealand Transportation Agency that are funded through petrol taxes and road user charges which relate to individual users.

Some properties are owned for potential future development, and these houses which are being rented and areas being occupied are of direct benefit to the party renting or occupying.

There are also direct beneficiaries or exacerbators in some parts of this activity (e.g. access crossings, road openings etc.).

Development does create demand on Roothing – see section in this document on capital.

Period of benefit

Ongoing benefits as long as infrastructure is maintained.

Rationale for separate funding

A significant portion of the activity is of public benefit, meaning user charging is not feasible for much of this activity.

Identifying separate funding assists in the accountability and transparency of Council's costs on a minor part of this activity.

Funding sources and rationale

Subsidies from NZTA and petrol tax contributions are utilised as revenue source in this activity, and there are some opportunities for user and other charges (such as rental houses/ road openings/access crossings), however the bulk of the benefit is considered to be public as it would be too difficult to charge each individual road user and all users can use the infrastructure.

Other income such as petrol tax income, and rental income are recorded as "Local authorities fuel tax, fines, infringement fees and other receipts".

- General rates: Medium – High
- Subsidies and grants: Low – Medium
- Local authorities fuel tax, fines, infringement fees and other receipts : Low
- Fees and charges: Low

REVENUE AND FINANCING POLICY (CONT.)

3.4 COASTAL STRUCTURES

The activity comprises the provision and management of coastal structures (wharves, jetties, boat ramps, associated buildings and foreshore protection walls)

owned by Council, the provision of navigation aids to help safe use of the coastal waters, and the protection of Council property and working with the community on private property.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	Coastal structures can be managed so their impact does not affect the health and cleanliness of the receiving environment.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	The coastal structures activity ensures our built environments are functional, pleasant and safe by ensuring the coastal structures are operated without causing public health hazards and by providing attractive recreational and commercial facilities.
Our infrastructure is efficient, cost effective and meets current and future needs.	The coastal structures activity provides commercial and recreational facilities to meet the community needs at an affordable level. The facilities are also managed sustainably.
Our communities are healthy, safe, inclusive and resilient.	Coastal assets provide recreational opportunities to improve health and wellbeing. Coastal protection assets and services provide community resilience from storm events and climate change.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity.	Seafaring and marine transportation are a large part of the history of the district. Many of the remaining coastal assets have a connection with our history of moving people and goods between the sea and land. This activity preserves many of these historical structures.
Our communities have access to a range of social, cultural, educational and recreational facilities and activities.	Coastal protection seeks to preserve reserves and other recreational activities from erosion of the ocean for the benefit of the whole community.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	The Council provides expertise and guidance to the community to assist with problems along the coastal environment.
Our region is supported by an innovative and sustainable economy.	Tourism is and will continue to play a large part in the district. Access to the water and to recreational/commercial activities will be key to its continued growth.

REVENUE AND FINANCING POLICY (CONT.)

Who benefits/whose act creates the need

This public activity predominantly benefits members of the general public who have the ability to utilise wharves, jetties, boat ramps etc.

Residents in the Mapua/Ruby Bay areas who have properties protected by stopbanks benefit from the protection, and properties in Torrent Bay benefit from beach replenishment.

Period of benefit

Ongoing benefits as long as infrastructure is maintained.

Rationale for separate funding

A significant portion of the activity is of public benefit, meaning user charging is not feasible for much of this activity.

Identifying separate funding assists in the accountability and transparency of Council's costs for part of this activity.

Funding sources and rationale

Structures can be used by the community as a whole and therefore it is appropriate for them to be funded by the general rate. One of Council's community outcomes is to provide recreational facilities, which means full user charging for use of these facilities is not considered appropriate. It would also be impractical to administer user charges on these types of facilities.

For individual properties which significantly benefit from asset protection or replenishment, targeted rates will be used.

- General rates: Medium – High to High
- Targeted rates including Torrent Bay and Stop Bank Rates: Low
- Local authorities fuel tax, fines, infringement fees and other receipts : Low



REVENUE AND FINANCING POLICY (CONT.)

3.5 WATER SUPPLY

The activity comprises the provision of potable water (i.e. water suitable for use and consumption by people) to properties within various supply schemes. This consists of a number of urban water supply schemes (known as the urban water club), Motueka water supply scheme, and rural supply schemes (Dovedale, Eighty-Eight Valley, Redwoods and the Hamama neighbourhood scheme). In addition, the Takaka Firefighting Scheme supplies the central Takaka area with a non-potable firefighting water supply.

Council's existing network is extensive and continuing to grow. At present, the network comprises of water treatment plants, pump stations, reticulation pipeline,

reservoirs, bores, metered connections and rural restrictors. In addition, Council manages the Wai-iti water storage dam to provide supplementary water into the Lower Wai-iti River and aquifer. This enables sustained water extraction for land irrigation at times of low river flows.

The development of the proposed Waimea Community Dam is a major project aimed at increasing water supply security in the Waimea area. The Waimea Plains aquifer system supplies water for residential, commercial, and industrial use to communities including Richmond, Brightwater, Mapua, and Nelson South, as well as to the Redwood Valley Rural Water Supply. Water is also extracted via individual bores for horticultural use, domestic supply, and other users.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	All of our water schemes take water from the environment (via surface or groundwater) and require a resource consent. We aim to manage water takes so the impact does not prove detrimental to the surrounding environment.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	We consider water supply to be an essential service to the community and our schemes are designed to be efficiently managed to meet current and future needs. Our networks also provide a means for firefighting consistent with the national firefighting standards.
Our infrastructure is efficient, cost effective and meets current and future needs.	We aim to efficiently provide water to meet the demands of existing of future customers in a cost effective way.
Our communities are healthy, safe, inclusive and resilient.	We aim to provide water supplies that are safe to drink and used for firefighting purposes that are delivered and supported by resilient infrastructure.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity.	By providing water we don't primarily contribute to this outcome. However, where possible we incorporate community and school groups into the design and provision of infrastructure.

REVENUE AND FINANCING POLICY (CONT.)

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our communities have access to a range of social, cultural, educational and recreational facilities and activities.	Water is an essential service that underpins other facilities and activities.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.	We take opportunities to partner with Nelson City Council where possible, including agreements to supply some of the customers with water.
Our region is supported by an innovative and sustainable economy.	Water underpins the economy by providing water for our communities enabling them to function. We aim to provide sustainable supplies that are built for the future.

Who benefits/whose act creates the need

All who can access the benefits of the water supply, including firefighting capacity benefit from this activity. This includes water supply users in the Nelson City area who are supplied water by Council. The beneficiaries of the community water supplies in the Waimea Basin would directly benefit from the water security associated with the proposed Waimea Community Dam.

Council considers that the Wai-iti Dam and the Takaka Firefighting water supply are of benefit to the entire district.

The general public would benefit from proposed investment in the Waimea Community Dam through the environmental and the community benefits. These benefits would include additional employment, economic opportunities, social, cultural and recreational benefits.

Development does create demand for water – see section in this document on capital; this includes the funding of the proposed Waimea Community Dam.

Period of benefit

Ongoing benefits as long as infrastructure is maintained.

Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs for much of this activity.

A portion of the activity is of public benefit, meaning user charging is not feasible for this part.

Funding sources and rationale

The benefit of funding drinking water supply activities separately from other Council activities is that those currently connected or planning to be connected to schemes will be contributing to the funding. Council predominantly applies targeted rates and user charges for these activities for accountability and transparency to those who fund the schemes.

These include: The Urban Club Water Supply and its Rural Water Extensions, the Motueka Urban Water Supply, the Dovedale Rural Supply, the Redwood Valley Rural Water Supply, the Eighty Eight Valley Rural Water Supply, and the Hamama Rural Water Supply.

Tasman District Council supplies water to certain water users in the Nelson City Council area and to Nelson City Council as well as some large industrial users. Revenue is recovered from these customers through fees and charges.

Water users of the Wai-iti Valley Community Dam also benefit from the supply of water and are charged on the basis of the amount of water they can take under their consent.

The firefighting water supplies in Motueka, and Takaka townships are also of benefit to those communities.

REVENUE AND FINANCING POLICY (CONT.)

These are predominantly charged through fixed targeted rates, however in the case of the Takaka Central Business district who benefit the most from that small supply – they are charged based on capital value. The amount charged to residential customers in Takaka is also higher than the rest of the Ward as being more proximate to the supply, they receive a greater benefit.

For the Wai-iti Dam, and the Takaka firefighting supply – Council had determined there was a general benefit to the district and therefore partial general rate funding is used.

The proposed Waimea Community Dam is considered to benefit both water users, including irrigators, and the general public.

Environmental & Community benefits:

Council is proposing to fund part of its contribution for environmental and community benefits associated with the Waimea Community Dam through:

- a districtwide fixed targeted rate
- a capital value based targeted rate for more proximate properties represented by an area called the “Zone of Benefit”.

In determining which properties fall within the Zone of Benefit Council has included properties in the Waimea area with water available or supplied from the river and aquifers of the Waimea Plains, as well as considered proximity to where more direct benefits would be achieved from the dam such as additional employment, economic opportunities, social, cultural and recreational benefits. The extra funding by the properties in the Zone of Benefit recognises that properties further from the dam, such as Collingwood or Murchison, will not receive the same level of environmental and community benefits as the more proximate communities such as Richmond and Brightwater.

Water supplies:

There is a direct benefit to users of the community water supplies in the Waimea basin as the proposed Waimea Community Dam provides water security. A portion of costs from the proposed Waimea Community Dam have been allocated to the Urban

Water Club and the Redwood Valley Rural Water supply and other users and are recovered directly from water users through their water rates or charges.

Properties with affiliated consents:

Council may introduce a targeted rate based on capital value to all properties with Waimea Community Dam related affiliated consents in the event of any default on loans or security arrangements for the Waimea Community Dam Joint Venture Council Controlled Organisation (Waimea Water Ltd.).

Sunk costs, cost overruns, and wind up costs:

In the event that the project proceeds, costs incurred that have not been recovered as part of the project joint venture will be funded from the same environmental and community benefits and water supply funding mechanisms as Council’s share of the project’s budgeted costs. Council may also target rate properties with Waimea Community Dam related consents a portion of these incurred costs.

In the event of cost overruns, Council would fund its share of the costs from the same environmental and community benefits and water supply funding mechanisms as Council’s share of the project’s budgeted costs. For cost overruns in excess of \$3 million, Council may also utilise a targeted rate based on capital value to all properties with affiliated consents to recover a portion of the cost overruns.

In the event of the project not proceeding, Council will fund costs that have been incurred up to the point of making that decision using the same rating and charging mechanisms proposed for the Waimea Community Dam for the environmental and community benefits and water supply funding mechanisms as if it had proceeded. It may also target rate properties with Waimea Community Dam related consents a portion of these incurred costs.

Some water targeted rates are set differentially.

- Targeted rates: High
- Fees and charges: Low
- Local authorities fuel tax, fines, infringement fees and other receipts: Low
- General rates: Low

REVENUE AND FINANCING POLICY (CONT.)

3.6 WASTEWATER

This activity provides and manages wastewater collection, treatment and disposal facilities for residents connected to Council’s wastewater networks. These networks convey wastewater to nine treatment

plants, eight of which are owned and managed by Council. The largest treatment plant (Bell Island), is owned by both Nelson and Tasman Councils on a 50:50 share basis and is managed by the Nelson Regional Sewerage Business Unit.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	All wastewater in Council-owned schemes is treated and discharged into the environment. We sustainably manage this so the impact of the discharges does not adversely affect the health and cleanliness of the receiving environment.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	We ensure wastewater is collected and treated without causing a hazard to public health, unpleasant odours and unattractive visual impacts.
Our infrastructure is efficient, cost effective and meets current and future needs.	We consider the wastewater activity to be an essential service that should be provided to properties within the urban areas in sufficient size and capacity.
Our communities are healthy, safe, inclusive and resilient.	We aim to provide a service that is safe for the community by providing quality treatment, minimising overflows, and ensuring our infrastructure is resilient.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity.	By providing wastewater we don’t primarily contribute to this outcome. However, where possible we incorporate community and school groups into the design and provision of infrastructure.
Our communities have access to a range of social, cultural, educational and recreational facilities and activities.	Wastewater is an essential service that underpins other facilities and activities.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.	We have a regional partnership with Nelson City Council for the management of the Nelson Regional Sewerage Business Unit. We collaborate with Iwi and site neighbours to identify issues and concerns; and when the opportunity arises, we engage with community for facility open days and plantings days.
Our region is supported by an innovative and sustainable economy.	Wastewater underpins the regional economy by providing and managing wastewater collection, treatment and disposal. Sustainability is a key driver of our future planning.

REVENUE AND FINANCING POLICY (CONT.)

Who benefits/whose act creates the need

Those who are or will be connected to the wastewater schemes benefit from the ability to use the infrastructure.

Those who discharge commercial and industrial waste (called "Trade waste") through the wastewater system (e.g. restaurants, service stations etc.) put extra demands on the wastewater treatment plant and can be harmful to people and the environment, corrode or block sewer pipes, or create odours.

Those who directly damage the infrastructure cause the need for repairs.

Development does create demand for wastewater – see section in this document on capital.

Period of benefit

Ongoing benefits as long as infrastructure is maintained.

Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs for much of this activity.

Funding sources and rationale

While there are wider community and environmental benefits relating to wastewater collection, treatment and disposal, the primary benefit is to those connected. Council considers that those who are connected to the wastewater schemes should be responsible for funding expenditure to ensure the environment is protected from the waste they produce. Council, therefore, considers that fees and charges, and targeted rates are the most equitable form of funding these activities. Council considers that those with a greater call on the infrastructure should pay more and therefore a differential will be used. Commercial users who generate trade waste will be separately charged through fees and charges.

Tasman District Council supplies wastewater services to certain properties in the Nelson City Council area. Revenue is recovered from these customers through fees and charges.

Bell Island wastewater treatment plant is owned by both the Nelson City Council and the Tasman District Council and is managed by the Nelson Regional Sewerage Business Unit (NRSBU). Council records its share of this joint ventures revenue as Council revenue in the "local authorities, fuel tax, fines, infringement fees and other receipts" line, as is interest on a loan that Council has provided to the NRSBU.

- Targeted rates : Medium – High
- Local authorities fuel tax, fines, infringement fees and other receipts: Low – Medium
- Fees and charges : Low

REVENUE AND FINANCING POLICY (CONT.)

3.7 STORMWATER

This activity encompasses the provision of stormwater collection, reticulation, and discharge systems in Tasman District. The assets used to provide this service include drainage channels, piped reticulation networks, tide gates, detention or ponding areas, inlet structures,

discharge structures and quality treatment assets.

Council manages its stormwater activities primarily within 15 Urban Drainage Areas (UDAs). Systems that are outside the UDA's include small communities with stormwater systems that primarily collect and convey road run-off to suitable discharge points.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	We manage stormwater so that the impact of the discharges does not adversely affect the health and quality of the receiving environment.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	We aim to convey stormwater without putting the public at risk or damaging property, businesses or essential infrastructure. New developments take a water sensitive design approach to integrate multiple values such as ecology, amenity and cultural aspects.
Our infrastructure is efficient, cost effective and meets current and future needs.	Stormwater is an essential service that is provided to properties within urban drainage areas in appropriate size and capacity. We aim to efficiently manage the provision of stormwater infrastructure so that it provides best value for ratepayer's money.
Our communities are healthy, safe, inclusive and resilient.	We aim to safely transfer stormwater runoff through urban areas to minimise harm and property damage.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity.	We protect natural waterways that have high cultural, recreational, and biodiversity interests.
Our communities have access to a range of social, cultural, educational and recreational facilities and activities.	We take opportunities to provide multi-purpose facilities where possible. Often our stormwater corridors will incorporate cycle paths, footpaths and spaces for recreation.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.	We engage with tangata whenua Iwi and other community groups with regards to enhancing our natural waterways and educational programmes.
Our region is supported by an innovative and sustainable economy.	Stormwater supports the economy by enabling homes and businesses to exist with a low exposure to flood risk and damage. We also allow for climate change in our designs to provide adequately for the future.



REVENUE AND FINANCING POLICY (CONT.)

Who benefits/whose act creates the need

The entire community benefits from safe and efficient discharge of stormwater.

Some ratepayers receive a greater benefit from stormwater infrastructure than others, or cause the need for stormwater infrastructure. The Council uses an area called the Urban Drainage Area (UDA) to represent the primary beneficiaries and exacerbators for the stormwater infrastructure, being mostly those who live in urban townships supported by the infrastructure.

Some properties are owned for potential future development by Council, and these houses which are being rented and areas being occupied are of direct benefit to the party renting or occupying.

Development does create demand for stormwater – see section in this document on capital.

Period of benefit

Ongoing benefits as long as infrastructure is maintained.

Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs for much of this activity.

Funding sources and rationale

While there are wider community and environmental benefits of a stormwater system, Council considers that properties in the area of the stormwater infrastructure (UDA) should be responsible for funding more of the costs and therefore a targeted rate differential is used.

Council considers that there is a greater benefit for properties which are developed over those which are undeveloped, which is why capital value is used as the basis for charging the targeted rate.

Rental income is recorded in "local authorities fuel tax, fines, infringement fees, and other."

- Targeted rates: High
- Local authorities fuel tax, fines, infringement fees, and other: Low

REVENUE AND FINANCING POLICY (CONT.)

3.8 SOLID WASTE

The Council provides a comprehensive range of waste management and minimisation services including kerbside recycling and waste collection services, five Resource Recovery centres, processing facilities for recycling, contracting a greenwaste processor, transport services to move these materials around the District and a range of waste minimisation initiatives to reduce the production of waste and minimise harm.

All public and commercial waste disposal is through the Resource Recovery Centres. Waste from these sites is transferred to landfills. We divert recyclable materials, greenwaste and cleanfill away from landfill and they

are processed and on-sold by Council's contractors. We also recover hazardous materials at these sites, and ensure they are processed safely.

The Council also maintains 22 closed landfills around the district.

Landfills in the region are now provided regionally, through the Nelson-Tasman Regional Landfill Business Unit, which is a joint committee of the Nelson City Council and Tasman District Council. This business unit commenced operations on 1 July 2017. From this date the Eves Valley Landfill (which we previously managed) stopped receiving waste and all waste is now directed to the York Valley Landfill (located in Nelson City.)

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	We protect our natural environment by providing comprehensive waste disposal services for our community. We reduce the impact of landfill disposal by providing a wide range of other services to divert waste from landfill and reduce waste production. We operate our facilities in compliance with our resource consents. We also ensure that we have operational plans for our services and site management plans for the facilities we operate.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	By providing recycling and rubbish collection services we ensure our built urban and rural environments are functional, pleasant and safe. We provide facilities that are convenient, clean and safe and we promote the sustainable use of resources.
Our infrastructure is efficient, cost effective and meets current and future needs.	We operate our facilities and services in a safe and efficient manner. We plan for future growth and to provide waste and recycling services that the community is satisfied with.

REVENUE AND FINANCING POLICY (CONT.)

Who benefits/whose act creates the need

The entire community benefits from safe and efficient disposal of waste. The activities also have wider community benefit through the environmental education and environmental monitoring components (i.e. of landfill sites).

Properties on the collection route benefit from refuse collection and recycling, with those who opt in for additional bins receiving a greater service than those who receive one bin.

Users of the facilities benefit from waste disposal.

Users of replacement crates benefit from the new crates.

Period of benefit

Immediate to ongoing.

Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs for much of this activity.

A portion of the activity is of public benefit, meaning user charging is not feasible for this part.

Funding sources and rationale

User charges are possible in many streams of this activity where direct users can be identified and charged (e.g. refuse bag sales, transfer station, replacement bins and crates etc.).

In waste disposal Council does not fully recover the cost of processing, transport and disposal, particularly in outlying resource recovery centres, and the shortfall is funded by general rate.

Maintenance of legacy closed landfills, hazardous goods and clearance of illegal dumping are considered a public good and funded by general rate.

Council uses a fixed targeted rate for kerbside recycling for those properties in a certain area, which is set as a proxy for the service delivery area. This activity is also supplemented by income from users who are invoiced for additional services and replacement bins and from additional revenue from the processing and sale of recycled materials.

Collection of kerbside refuse is generally funded by the sale of rubbish bags by the contractor, although the recycling contract provides some support for these services.

Council also receives funding from central government via the Waste Disposal Levy. This is used to fund waste minimisation services and infrastructure. This is recorded in "Local authorities fuel tax, fines, infringement fees, and other receipts".

Nelson City Council and Tasman District Council operate regional landfills that are operated by the Nelson Tasman Regional Landfill Business Unit, a joint committee of the councils. Council records its share of this revenue as Council revenue in the "local authorities, fuel tax, fines, infringement fees and other receipts" line. This line also includes any other type of "other income" such as the commercial recycling revenue share and lease income.

The Council also receives a local disposal levy from the business unit, which is used to fund waste management and minimisation activities.

One of our community outcomes is that "our unique natural environment is healthy and protected" and using a rate is more appropriate than a charge for kerbside pickup because there is an incentive to use the service and protect the environment.

- Fees and charges: Low – Medium
- Local authorities fuel tax, fines, infringement fees, and other receipts: Low – Medium
- Targeted rates: Low
- General Rates: Low

REVENUE AND FINANCING POLICY (CONT.)

3.9 FLOOD PROTECTION AND RIVER CONTROL WORKS

Tasman District Council maintains 285 kilometres of the District's X and Y classified rivers in order to carry out its statutory roles to promote soil conservation and mitigate damage caused by floods and riverbank erosion. The rivers works in the classified rivers, are predominantly owned, maintained and improved by Council.

There are many more rivers, streams and creeks which are not classified. These unclassified rivers have

associated river protection works such as rock walls, groynes and river training works that form part of the river system. They are typically owned and maintained by private property owners and may be partly funded by Council.

By implementing and maintaining quality river control and flood protection schemes, Council improves protection to neighbouring properties and mitigates the damage caused during the flood events.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	Our flood protection and mitigation activities are carried out so that the impacts on the natural river environments are minimised to a practical but sustainable level, and use best practices in the use of the District's natural resources.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	Council staff participate in the River Care group to ensure that community mood is taken into account with the management of the river catchments. The Council participates in national Rivers Managers Group to develop the Flood Protection Asset Performance Tool.
Our infrastructure is efficient, cost effective and meets current and future needs.	Our flood protection and mitigation structures are maintained in an environmentally sustainable manner to a level supported by the community.
Our communities are healthy, safe, inclusive and resilient.	Our flood protection works and river control structures protect our most "at risk" communities and rural areas from flooding and are maintained in a safe and cost-effective manner.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity.	The rivers area is a key feature for all that live in the area, many of the community identify who they are by their river. The community becomes involved in the rivers through planting and regular public opportunities to learn about water quality.
Our communities have access to a range of social, cultural, educational and recreational facilities and activities.	The Council maintains the river environment to ensure a pleasant place for recreational activities. This is achieved by clearing of rubbish, pest and weed control and inclusion of plantings for improvements in waterway health.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	The Council provides expertise and guidance to the community to assist with problems along the river environment.
Our region is supported by an innovative and sustainable economy.	The flood protection scheme provides a level of assurance that regular high rainfall events don't disrupt normal business activities.

REVENUE AND FINANCING POLICY (CONT.)

Who benefits/whose act creates the need

Council operates, maintains and improves flood protection and river control assets on behalf of Tasman residents and ratepayers, in particular to protect life, property and livelihoods.

Development of properties adjacent to the river networks means there are assets located in flood plains which are at risk of flooding. The need to protect these assets is creating the need for Council to undertake work relating to asset development and maintenance. It is considered appropriate for owners of these properties to fund this work through targeted rates.

Additionally, River Z work is done to protect individual properties and has some direct benefit to those parties, although this protection may also extend beyond the individual property owner.

Residents in the Motueka ward were the reason the investigation work on the Motueka Stopbank was completed and have benefitted greater from this work than the other residents in the District.

There are some other direct beneficiaries/exacerbators in parts of activity including renters of river berms and users of gravel.

Period of benefit

Immediate to Indefinite.

Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs for much of this activity.

A portion of the activity is of public benefit, meaning user charging is not feasible for this part.

Funding sources and rationale

The benefits of this activity apply largely and indirectly to the whole community.

The benefits apply directly to those whose properties are adjacent to the District's rivers. While there are wider community and environmental benefits relating to an effective flood protection and rivers control network, Council considers that properties directly adjacent to rivers benefit more and will fund the cost of that activity at a higher level than those deemed to indirectly benefit. For this reason a differential rating system will be used with adjacent parties (in the X/Y zone) paying a higher differential based on land value.

The Motueka Stopbank rate was charged mostly to the beneficiaries/exacerbators of the costs incurred – being the people in the Motueka ward. In recognition of the benefit to the district of having this work done for Motueka, this work was also partly general rate funded.

There is some scope for user charges including gravel royalties.

Council also considers that in the River Z area, when Council does work that has directly benefit to the applicants, due to this level of direct benefit, a portion of the costs should be paid by the applicant. There is also an opportunity for berm rentals and rates recoveries in this activity. These revenue sources are recorded in "Local Authorities fuel tax, fines, infringement fees and other receipts".

- Targeted rates: High
- Local authorities fuel tax, fines, Infringement fees, and other receipts: Low
- Fees and charges: Low
- General rates: Low

REVENUE AND FINANCING POLICY (CONT.)

3.10 COMMUNITY DEVELOPMENT

This activity covers the wide ranges of parks, reserves, community facilities and amenities throughout the District for the public including parks and reserves, land vested as esplanade strip, cemeteries, playgrounds, public toilet facilities, libraries, funding for the district and shared facilities such as the Saxton Field complex, community halls, multi-use community recreation centres, community centres, museums, miscellaneous community buildings, eight community housing complexes, and the Richmond Aquatic Centre and three outdoor community swimming pools.

This activity also delivers Council's communications and community partnership responsibilities in order

to build a sense of community and pride of place in Tasman and to build capacity within Tasman community groups. We achieve this through engaging with community groups, providing community recreation opportunities and events, providing grant funding, and educating and facilitating partnerships between Council and its communities. Activities include provision of funding and advice for community initiatives and community organisations, community engagement, support of organisations that preserve and display our region's heritage, delivery of community and recreation activities and events and providing an awareness of environmental and sustainability opportunities through environmental education programmes.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	<p>We provide:</p> <ul style="list-style-type: none"> • Protection of the natural environment and ecologically significant areas in Council's parks and reserves. • Protection and enhancement of open space, coastal and riparian areas. • Vegetation enhancement and awareness. • Enhanced community involvement in conservation and restoration work. <p>The Richmond Aquatic Centre and our reserves and facilities activities are operated in a way that ensures there is no detrimental impact to the surrounding environment.</p> <p>Through the EnviroSchools programme, partially funded through the Ministry for the Environment, schools receive assistance to initiate activities aimed at supporting and teaching sustainability and how we can all reduce our impact on the environment. These Council and community-led initiatives deliver environmental benefits across the broader community.</p>
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	<p>Provision and enhancement of open space and an interconnected open space network.</p> <p>Provision of neighbourhood and community parks within walking distance of homes.</p> <p>The Richmond Aquatic Centre is designed and managed to meet current and future needs of our community.</p> <p>In partnership with the Council's Engineering and Environment and Planning departments, we deliver environmental, air quality and waste minimisation education to support sustainable management and lifestyles.</p> <p>We assist communities to create a unique sense of place through community group funding and advice.</p>

REVENUE AND FINANCING POLICY (CONT.)

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
<p>Our infrastructure is efficient, cost effective and meets current and future needs.</p>	<p>We provide efficiently and effectively managed community infrastructure (reserves and facilities) which meets the ongoing needs of Tasman’s communities.</p> <p>The Richmond Aquatic Centre is managed, operated and maintained to meet the demands of customers in a cost effective way.</p>
<p>Our communities are healthy, safe, inclusive and resilient.</p>	<p>We provide:</p> <ul style="list-style-type: none"> • Community facilities designed and managed to ensure users safety and to cater for the needs of the whole community. • Community facilities that support specific social needs. • Good quality affordable community housing for people who meet the criteria of Council’s Policy on Housing for Older Adults. • Open space and recreation facilities that cater for and promote active lifestyles. This includes casual activities such as walking and cycling, and organised sports and recreation activities. • Reserves and facilities designed and managed to ensure users safety and cater for the needs of the whole community. <p>Libraries provide safe spaces for our community to socialise and interact. Libraries provide equitable access to information for all in the community; as such libraries are an integral part of a strong democracy at local and national levels.</p> <p>The Richmond Aquatic Centre is designed and managed to ensure users safety and to cater for the needs of the whole community. The Aquatic Centre also supports specific social needs.</p> <p>We provide and support quality recreational services and facilities, which enable participation in community-based activities that are inclusive, healthy and enjoyable.</p> <p>We provide support for residents, to enable them to enjoy a good quality of life within a supportive and diverse community.</p> <p>We assist residents and businesses to cope with disasters and emergencies.</p>
<p>Our communities have opportunities to celebrate and explore their heritage, identity and creativity.</p>	<p>We provide recreation facilities that cater for and promote healthy communities and active lifestyles through social and recreational activity.</p> <p>Cemeteries provide a location for interments and remembrance.</p> <p>Libraries contribute to the enhancement of community identity through the collection and preservation of local heritage materials. Libraries are involved in regional history/heritage projects which increase access to local historical/cultural information and materials. Library resources and facilities encourage creative, cultural and recreational activities.</p> <p>We help to promote and celebrate our history and diverse cultures, by providing funding and in-kind support to organisations that preserve and display our region’s heritage and culture.</p>

REVENUE AND FINANCING POLICY (CONT.)

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
<p>Our communities have access to a range of social, cultural, educational and recreational facilities and activities.</p>	<p>We provide high quality community, opens space, recreation and cultural facilities that provide a range of leisure and cultural opportunities and targeted social support.</p> <p>We provide attractive well maintained and functional toilet facilities.</p> <p>Libraries provide access to a wide range of materials in a variety of formats to support the recreational, educational, cultural, social, and business needs of the community. Libraries provide a range of resources which enrich quality of life for all.</p> <p>The Richmond Aquatic Centre is a high quality community and recreation facility that provides for a range of leisure opportunities.</p> <p>We promote, support and deliver recreational, educational and social services and activities that reflect the diversity of our District. We provide assistance with community-led facilities, projects and initiatives, to deliver benefits across the broader community.</p>
<p>Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.</p>	<p>We provide reserves and facilities which enable community partnerships through management of our community facilities and halls by volunteers and through working with schools, businesses, community groups and others who help with planting and other activities on our reserves.</p> <p>We provide regional facilities in association with Nelson City Council (e.g. Saxton Field, Suter Art Gallery, Nelson Provisional Museum).</p> <p>Through the provision of freely accessible community spaces, libraries encourage social interaction and community engagement. The libraries have collaborative relationships and partnerships with education providers, community groups and other libraries in the region.</p> <p>Council takes opportunities to partner with a range of user groups, clubs and funders for the Richmond Aquatic Centre.</p> <p>We provide opportunities for engagement between Council and local communities through our communications activities. By collaborating with community associations and other groups we look to build effective partnerships. By supporting Districtwide youth clusters, we provide avenues for youth participation in Council decision-making.</p>
<p>Our region is supported by an innovative and sustainable economy</p>	<p>Libraries provide educational resources and support learning for all age groups. Libraries also help people seeking employment through digital skills training programmes and assistance with making job applications and writing CVs.</p> <p>Through the recognition, support and enablement of innovation and new technology, we provide opportunities for youth and people of all ages to live and work in the District.</p>

REVENUE AND FINANCING POLICY (CONT.)

Who benefits/whose act creates the need

Residents and visitors can benefit from the use of parks, reserves, community facilities (including Sportspark Motueka, Motueka Recreation Centre, Murchison Sport Recreation and Cultural Centre, Moutere Hills Community Centre, Rec Park Centre Golden Bay), sportsgrounds, public toilets, libraries, community halls and buildings, the Aquatic Centre, Saxton Field, etc.)

The Council also provides cemeteries.

Community housing benefits occupants of the housing units, usually older adults, who are often the most vulnerable and in need within our community.

Renters or users of land, usually sporting, recreation or community groups, directly benefit.

The entire community benefits from access to museums and protection of heritage items, and from having a vibrant sense of community.

The community also benefits from the activity's community engagement work where their views can be incorporated into Council's proposals.

The public are able to make use of resources, facilities and recreational opportunities and as such gain physical and psychological wellbeing and a sense of community identity.

Development does create demand for community facilities and parks – see section in this document on capital expenditure.

Period of benefit

Immediate to ongoing.

Rationale for separate funding

A significant portion of the activity is of public benefit, meaning user charging is not feasible for much of this activity.

Identifying separate funding assists in the accountability and transparency of Council's costs on a part of this activity.

Funding sources and rationale

Many parts of this activity (e.g. parks, reserves, some library activities, various halls) predominantly benefit the public or contribute significantly to community outcomes or would be difficult or costly to charge to users (e.g. public toilets). Therefore significant components of funding are through the general rate. Council considers that there are wide community benefits from ensuring only minimal charges are imposed on library fees, so not all costs are recovered through fees.

Spending on certain facilities including those shared with Nelson City Council, certain sporting and community facilities, and the museums is considered to be of general benefit to the public but without a relationship to the values of property, therefore uniform targeted rates are considered appropriate. Council considers that the public will be interested in the distinction between the rates that fund the capital and operating components of community facilities, and also want to see discretely the facilities jointly funded by Nelson City Council, justifying three separate facilities targeted rates.

There is some scope for user charges or other income in this activity including hall hire and facility rentals, library charges, cemetery charges, camping fees at the McKee and Kina camping grounds, sports ground fees, cell site/property rentals, etc. Some of these such as library fines, mudcakes and roses income, community housing income, and rental/lease income are recorded in "local authorities fuel tax, fines, infringement fees and other receipts."

There is some scope for subsidies and grants or external funding in this activity. For example, Council receives funds from Sport NZ and Creative New Zealand to administer contestable funding rounds on their behalf. In addition, Community Partnerships applies for project funding for capital projects, education events and programmes from organisations including Lottery Grants Board, Ministry of Youth Development, Toimata Foundation and Rata Foundation.

Some funding is received from the "Council Enterprises" activity for the maintenance of Council's parks and reserves. This is recorded as "Internal charges and overhead recovered" and is in lieu of rental for use of reserves for commercial campgrounds and from forestry activities.

Council's community housing activity is self-funding from the rental income from the units.

For the remaining majority of this activity which has public benefit (excluding museums), the general rate is considered appropriate.

- General rates: Medium – High
- Targeted rates (facilities and museums): Low – Medium
- Local authorities fuel tax, fines, infringement fees and other receipts: Low
- Fees and charges: Low
- Internal Charges and overheads recovered: Low
- Subsidies and grants: Low

REVENUE AND FINANCING POLICY (CONT.)

3.11 GOVERNANCE

This activity involves running the electoral process (under the direction of the Electoral Officer) to provide the District with a democratically elected Mayor, Councillors and Community Board members and the governance of the District by its elected representatives. It also involves organising and

preparation for Council meetings, organising civic ceremonies, support for Councillors, Council and Community Boards and any other assistance required by the Mayor, running elections and democratic processes including community consultation, and making appointments to Council Controlled Trading Organisations and Council Controlled Organisations.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our communities are healthy, safe, inclusive and resilient.	<p>The Golden Bay and Motueka Community Boards represent, and act as an advocate for, the interests of their communities. They also maintain an overview of services provided by Council within their communities and communicate with community organisations and special interest groups. They are separately elected advisory bodies and are not Council Committees.</p> <p>Community Associations support and advocate for residents in their local communities and make submissions to Council. Ward Councillors maintain close relationships with their local community associations.</p> <p>Advisory Groups are established and coordinated by Council for specific user groups. The advisory groups help to guide Council decisions, normally on the use and function of a Council asset.</p>
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.	The Governance activity ensures that democratic processes are undertaken and supports the work of elected members.
Our region is supported by an innovative and sustainable economy.	The CCTOs provide an economic return to Council and ratepayers and also provide employment opportunities.

REVENUE AND FINANCING POLICY (CONT.)

Who benefits/whose act creates the need

All citizens within Tasman District benefit from the democratic and governance processes, elections, and funding economic development.

Residents in Golden Bay and Motueka benefit from their community board activities.

Businesses in the Richmond and Motueka benefit from the business association activities.

Period of benefit

Immediate.

Rationale for separate funding

A significant portion of the activity is of public benefit, meaning user charging is not feasible for much of this activity.

Identifying separate funding assists in the accountability and transparency of Council's costs on part of this activity.

Funding sources and rationale

There are only minor opportunities to recover through fees and charges in this activity (e.g. rural address recoveries).

In election years, Council recovers a share of election costs from the Nelson Marlborough District Health Board which is recorded as "Local authorities' fuel tax, fines, infringement fees and other receipts."

Council also records community board income and cost recoveries from other parties in "Local authorities' fuel tax, fines, infringement fees and other receipts."

Council considers that the most appropriate method to recover the public benefit component of this activity is general rate.

However, in line with Council's policy of those that benefit from a service paying a targeted rate, the Motueka and Golden Bay wards pay towards the costs for the Community Boards via a targeted rate which also includes special project funding within those wards.

As well, the costs of funding the grants for Our Town Motueka and Richmond Unlimited are recovered through the Motueka Business Rate, and Richmond Business Rate. Council charges these rates on businesses in the areas that will benefit. In Motueka, those businesses that are closer to the CBD receive a greater benefit, and therefore Council considers that a differential charge should be applied.

- General rate: High
- Targeted rates (business/community board): Low
- Local authorities fuel tax, fines, infringement fees and other receipts: Low
- Fees and charges: Low

REVENUE AND FINANCING POLICY (CONT.)

3.12 COUNCIL ENTERPRISES

This activity involves the management of approximately 2,800 stocked hectares of commercial plantation forest, aerodromes in Motueka and Takaka,

a mixture of leased and managed Holiday parks in Motueka, Pohara, Collingwood and Murchison, the management of Port Tarakohe and the management of various commercial property assets.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	<p>All property assets can be managed so the impacts of any effects do not affect the health and cleanliness of the receiving environment.</p> <p>All forests are managed according to the various policies and plans so the impacts of any effects do not affect the health and cleanliness of the receiving environment. Our forests store carbon to reduce the impact of climate change and meet obligations under climate change agreements.</p> <p>Port Tarakohe facility activities are within a recognised landscape area and attempts to minimise any impact on the wider Golden Bay environment.</p>
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	<p>The aerodromes activity ensures our built urban environments are functional, pleasant and safe by ensuring the aerodromes are operated without causing public health hazards and by providing attractive recreational and commercial facilities.</p> <p>The commercial activity can be managed so that the impact of any property development upon the environment is minimised and any future developments have environmental sustainability as an expectation.</p> <p>The holiday parks and campgrounds activity contributes to our built urban environments which are functional and provide a pleasant experience. This is achieved by ensuring they are operated without causing public health hazards and are therefore sustainably managed.</p> <p>Where practical and safe, public access and use of forests for recreation (e.g. biking and walking) will be actively encouraged. To maintain control over usage, permits may be required for public entry into the forest areas.</p> <p>The port activities are well planned and sustainably managed, ensuring any impacts on urban, coastal and rural environments are minimised.</p>

REVENUE AND FINANCING POLICY (CONT.)

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
<p>Our infrastructure is efficient, cost effective and meets current and future needs.</p>	<p>The aerodromes provide commercial and recreational facilities to meet the community needs at an affordable level and are available to the whole community. The facilities are also sustainably managed.</p> <p>The holiday parks and campground provide the users with a variety of facilities to choose from at an affordable level while also looking towards future needs of a changing market.</p> <p>The Port Tarakohe activity provides commercial and recreational users with facilities to meet stakeholder needs, at an affordable cost and is positioned for future growth.</p> <p>Council forests have gained Forestry Stewardship Council (FSC) certification ensuring they are sustainably managed within internationally recognised guidelines.</p> <p>Commercial properties shall be reviewed to ensure that they meet the strategic needs of the Council.</p>
<p>Our communities are healthy, safe, inclusive and resilient.</p>	<p>Our buildings provide a healthy and safe environment for users. The holiday park industry is heavily regulated by public health authorities. This is achieved through operating in compliance with health and safety standards.</p>
<p>Our communities have opportunities to celebrate and explore their heritage, identity and creativity.</p>	<p>A number of the property asset sites have historical significance and are available for historical reference and exploration.</p> <p>Historic places and Iwi interests are respected and protected through planned Council development.</p>
<p>Our communities have access to a range of social, cultural, educational and recreational facilities and activities.</p>	<p>Commercial activities shall provide spaces for social and community interaction.</p> <p>All holiday parks and campgrounds have facilities that provide for a range of social, and recreational activities for school and educational groups.</p> <p>The Port Tarakohe facilities offer access for communities to a safe boating facility for a range of recreational activities to meet social, educational and recreational needs.</p>
<p>Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement</p>	<p>Open dialogue with operators of the Council's facilities fosters strong relationships. The Council receives constant feedback and recommendations from our community and users.</p> <p>The Council has established various advisory/interest groups such as the Mapua Advisory Group, Motueka and Takaka Aerodrome Advisory Group and Port Tarakohe Advisory Group as a means of engaging with the community on Council commercial activities.</p> <p>Neighbours of the forest estate boundaries and community action groups get involved in boundary issues such as weed and pest control, access and boundary alignment issues. These groups act independently but coordinated at an overview level by the Council Reserves staff.</p>

REVENUE AND FINANCING POLICY (CONT.)

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our region is supported by an innovative and sustainable economy.	<p>Running a viable and economically sustainable Holiday Park model ensures development and growth opportunities are paid for by users, and do not place an undue burden on district ratepayers. Facilities are able to be maintained and levels of service gradually improved through a consistent reinvestment strategy based on community use.</p> <p>Our commercial property holdings provide an income stream to the Council to reduce its reliance on rates.</p> <p>The forestry long term plan has been developed to produce an even flow of timber from the Council's forestry estate with the ultimate objective of achieving a non-declining annual volume cut from the forests with an average stand rotation length of approximately 28 years.</p> <p>Running a viable and economically sustainable port ensures development and growth opportunities are paid for by users and do not place an undue burden on district ratepayers.</p>

Who benefits/whose act creates the need

There are a variety of direct beneficiaries in this activity including: users of aerodromes, ports, and campgrounds and renters of property.

This activity also includes forestry which provides a return back to Council.

Period of benefit

Immediate and ongoing.

Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs for much of this activity.

Funding sources and rationale

Where possible users charges should be used to charge the direct beneficiaries and therefore fees and charges will be a significant revenue source for this activity for users of Port Tarakohe, the Motueka and Takaka Aerodromes, and the Collingwood campground. However some properties and the buildings at the aerodromes are rented at market levels which results in returns less than related costs therefore requiring some general rate funding into the activity. This is more than offset by contributions to the general rate from other parts of the activity.

This activity has significant income recorded in "Local authorities fuel tax, fines, infringement fees and other receipts" line. This includes funding from direct beneficiaries for property rentals in the Mapua Precinct, Riverview Campground, Fearons Bush Holiday Park, Pohara Holiday Park, Forestry income, and other revenue sources.

- Local authorities fuel tax, fines, infringement fees and other receipts: Medium – High – High
- Fees and charges: Low – Low – Medium
- General rates: In total – the general rate contribution from forestry should exceed other rates charged within the activity, meaning general rates are reduced overall because of surpluses in this activity.

REVENUE AND FINANCING POLICY (CONT.)

3.13 SUPPORT SERVICES

This section covers strategic planning, customer services, non-commercial properties, finance, human resources, information management, and health and safety.

Support Services are the internal functions that help Council operate efficiently. Support Services are an essential part of ensuring we operate in an effective and efficient manner, meeting our statutory obligations, and working towards the achievement of community outcomes.

This group is not classed as a 'group of activities' for LTP purposes and no funding impact statement has been produced for these activities. The majority of support services costs are on-charged to other Council activities with the exception of some costs such as depreciation and capital costs.

4 FUNDING OF CAPITAL EXPENDITURE

Section 103(1) of the Local Government Act 2002 requires Council to specify its policy on the funding of capital expenditure separately from its policy on the funding of operating expenditure. "Capital" costs that need to be funded relate predominantly to the purchase of new assets and the replacement of existing assets.

Council takes a consolidated corporate approach to the management of its financial position. Through its LTP it determines what capital expenditure is sustainable within the prudential guidelines it has set itself. These parameters are contained in the Financial Strategy.

Activity management plans are maintained for most activities and these provide information about the services Council will be providing, the condition of any assets and asset renewals required to maintain desired service levels.

For most capital expenditure funding, the activity level operating analysis is also applicable and therefore detailed analysis by activity can be seen in the operating section. For example, the same community outcomes tend to apply for both operating and capital expenditure by activity, and the beneficiaries and whose act creates a need are largely consistent,

whether the expenses are capital or operating in nature. For activities where the period of benefit has a long term component, some debt funding is generally utilised due to the intergenerational equity principle. The funding for debt is typically through rates. For the Transportation, Roads and Footpaths, Water Supply, Wastewater, Stormwater, and Community Development Activities, Council considers that Development Contributions and Financial Contributions for reserves and community services are appropriate sources of capital funding for the reasons set out in the detail that follows.

Funding for capital works will depend on the nature of the work, in particular the reasons (cost drivers) which have made the work necessary. There are three cost drivers recognised by Council:

- Capital expenditure due to **growth** (described as "To meet additional demand" in Council's Funding Impact Statement)
- Capital expenditure due to **renewals** (described as "To replace existing assets" in Council's Funding Impact Statement)
- Capital expenditure due to shifts in **levels of service**, statutory requirements, or other reasons excluding growth or renewals (described as "To improve the level of service" in Council's Funding Impact Statement).

In addition, Council also records Vested Assets. Certain infrastructural assets and land may vest in Council as part of the subdivision consent process. Vested infrastructural assets are valued by calculating the cost of providing identical quantities of infrastructural components, and are recognised as revenue when control over the asset is passed to Council.

CAPITAL EXPENDITURE DUE TO GROWTH

- The Tasman District has experienced steady population and economic growth. Population and business growth creates the need for new subdivisions and development activity places increasing demand on the assets and services provided by Council. Significant investment in new or upgraded assets and services is accordingly required to meet the demands of growth.

REVENUE AND FINANCING POLICY (CONT.)

- Council intends to fund the portion of capital expenditure that is attributable to growth by recovering these costs from development and growth.
- Council considers that the best mechanisms for ensuring the cost of growth sits with those who have created the need and benefit from the work are:
 - » Development Contributions (DCs) for transport, water, wastewater and stormwater services.
 - » Financial Contributions for reserves and community services.
- Council has a Development and Financial Contributions Policy. Council is required under Section 106 2 (c) of the Local Government Act 2002 to explain within that policy why it has decided to use development contributions, financial

contributions and other sources to fund capital expenditure relating to the costs of growth. The assessment that follows is therefore replicated in that Policy.

Council has considered whether development contributions or financial contributions are an appropriate source of funding considering the activity, the outcomes sought, and their links to growth infrastructure. A summary of this assessment follows. Overall, development contributions and reserve and community services financial contributions, as a dedicated growth funding source, offer more secure funding for community outcomes that are affected by growth, or through which we can deliver on aspects of the outcomes for new communities.

Community outcomes to which the activity primarily contributes

	NATURAL ENVIRONMENT	HUMAN ENVIRONMENT	INFRASTRUCTURE	COMMUNITY	CULTURE	RECREATION	GOVERNANCE	ECONOMIC
Reserves and Community Services	✓	✓	✓	✓	✓	✓	✓	✗
Transportation	✗	✓	✓	✓	✗	✓	✓	✓
Water	✓	✓	✓	✓	✗	✗	✓	✓
Wastewater	✓	✓	✓	✓	✗	✗	✓	✓
Stormwater	✓	✓	✓	✓	✗	✗	✓	✓

REVENUE AND FINANCING POLICY (CONT.)

Who benefits/whose act creates the need

A significant portion of Council's work programme is driven by development or has been scoped to ensure it provides for new developments. The extent to which growth benefits from a project as well as how much it benefits existing ratepayers is determined for each project.

Council believes that the growth costs identified through this process should be recovered from development as this is what creates the need for the expenditure and / or benefits principally from new assets and additional network capacity. Where and to the extent that works benefit existing residents, those costs are recovered through rates.

Period of benefit

The assets constructed for development provide benefits and capacity for developments now and developments in the future. In many cases, the "capacity life" of such assets is many years, if not decades.

DCs allow development related capital expenditure to be apportioned over the capacity life of assets. Developments that benefit from the assets will contribute to its cost, regardless of whether they happen now or in the future.

Similarly, financial contributions for reserves and community services also allows funding of these assets to be spread over benefiting developments over time.

Funding sources and rationale including rationale for separate funding

The cost of supporting development in Tasman is significant. Development contributions send clear signals to the development community about the true cost of growth and the capital costs of providing infrastructure to support that growth.

The benefits to the community are significantly greater than the cost of policy making, calculations, collection, accounting and distribution of funding for development contributions and financial contributions for reserves and community services.

Council has also considered the impact of the overall allocation of liability on the community. In this case, the liability for revenue falls directly with the development community. At the effective date of this Policy, Council does not perceive any impact on the social, economic and cultural wellbeing of this particular section of the community.

Development in Tasman is thriving and demand is high, as is demand for the infrastructure these funding sources helps secure. Conversely, shifting development costs onto ratepayers is likely to be perceived as unfair and would significantly impact the rates revenue required from existing residents – who do not cause the need, or benefit from the growth infrastructure, needed to service new developments.

Overall, it is considered fair and reasonable, and that the social, economic and cultural interests of Tasman's communities are best advanced through using development contributions and reserve and community services financial contributions to fund the costs of growth-related capital expenditure for services and activities covered by this Policy.

Types of assets covered by development and financial contributions for reserves and community services include:

- Network Infrastructure for water supplies, wastewater, stormwater and transportation
- The purchase and development of reserves
- Capital works for recreation activities, including libraries
- Mitigating adverse effects.

Funding sources for growth capital expenditure:

- Subsidies and grants for capital expenditure
- Development contributions and financial contributions for reserves and community services
- Borrowing.

REVENUE AND FINANCING POLICY (CONT.)

CAPITAL EXPENDITURE DUE TO RENEWALS

Renewal capital works are those capital expenditure costs that are incurred in restoring an asset to previous service levels, usually reflected in the amount that an asset has been depreciated. Therefore by using those depreciation funds Council is attempting to maintain infrastructural networks to at least their original service level.

Council policy is to move to fully fund depreciation (the wearing out of assets as it occurs) during their lifetime through rates and other operational income streams, stepped in over a ten year period finishing June 2025. The move to fully fund depreciation will continue to have a significant operational cost implication for Council, and operational spending has been prioritised in order to enable the transitioning in of depreciation funding at the same time as remaining within the set financial limits.

Fully funding depreciation does not mean that all assets will have full depreciation funded. This is because:

1. Subsidies are received in some areas. For example, Council needs to fund depreciation only on its share of transportation costs – the component attributable to NZTA is excluded. Allowing for other subsidisable costs means approximately 49% of transportation depreciation will be funded.
2. Depreciation on community facilities may not need to be funded as they are often partly funded by non-Council sources and/or will never be replaced in the same form at the end of their useful life therefore in this case depreciation on certain halls, libraries etc. will not be funded.
3. Certain renewal programs are historically rates funded, and therefore it is not necessary to fund depreciation on these.

Council does not hold cash reserves that match the depreciation reserves.

Not every project will contribute to every community outcome listed below, however the overall capital works program will likely contribute to all of them.

Who benefits/whose act creates the need

Users of current infrastructure benefit from the renewal of this infrastructure.

In some cases the capital cost arises because of damage to infrastructure in climatic events or because of equipment failure.

Period of benefit

Ongoing benefits over the assets useful life.

Funding sources and rationale including rationale for separate funding

The funding of depreciation is to be used for funding renewals for the purposes of intergenerational equity, however to meet the targets within the financial strategy, the funding is being phased in over time.

Other funding sources will also be considered.

Funding sources for renewal capital expenditure:

- Subsidies and grants for capital expenditure
- Depreciation reserves
- Proceeds from sale of assets
- Reserves
- Borrowing
- Rates
- Activity surpluses.

Community outcomes to which the activity primarily contributes

NATURAL ENVIRONMENT	HUMAN ENVIRONMENT	INFRASTRUCTURE	COMMUNITY	CULTURE	RECREATION	GOVERNANCE	ECONOMIC
✓	✓	✓	✓	✓	✓	✓	✓

REVENUE AND FINANCING POLICY (CONT.)

CAPITAL EXPENDITURE DUE TO SHIFTS IN LEVELS OF SERVICE, STATUTORY REQUIREMENTS, OR OTHER REASONS EXCLUDING GROWTH OR RENEWALS

Not every project will contribute to every community outcome listed below, however the overall capital works program will likely contribute to all of them.

Who benefits/whose act creates the need

Users of assets would benefit from increased levels of service.

The cost driver for some capital works relates to increasing the levels of service for the community. Sometimes these improvements are required because of changes to legislation or resource consent conditions, which means there may be little discretion with regards to the expenditure.

In other cases, the increase in the level of service is a community driven decision.

Period of benefit

Ongoing benefits over the assets useful life.

Funding sources and rationale including rationale for separate funding

Council will first look to fund other/level of service capital expenditure through capital grants and subsidies including community contributions, or where it makes sense, through asset sales and reserves, borrowing, and rates.

Funding sources for other capital expenditure:

- Subsidies and grants for capital expenditure including community contributions
- Proceeds from sale of assets
- Reserves
- Borrowing
- Rates
- Activity surpluses.

Community outcomes to which the activity primarily contributes

NATURAL ENVIRONMENT	HUMAN ENVIRONMENT	INFRASTRUCTURE	COMMUNITY	CULTURE	RECREATION	GOVERNANCE	ECONOMIC
✓	✓	✓	✓	✓	✓	✓	✓