



Ōpōtiki District Council
STRONG COMMUNITY STRONG FUTURE

Revenue & Financing Policy

Draft for community consultation

January 2021



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BACKGROUND








The Local Government Act 2002 (LGA) requires every local authority to adopt a Revenue and Financing Policy.



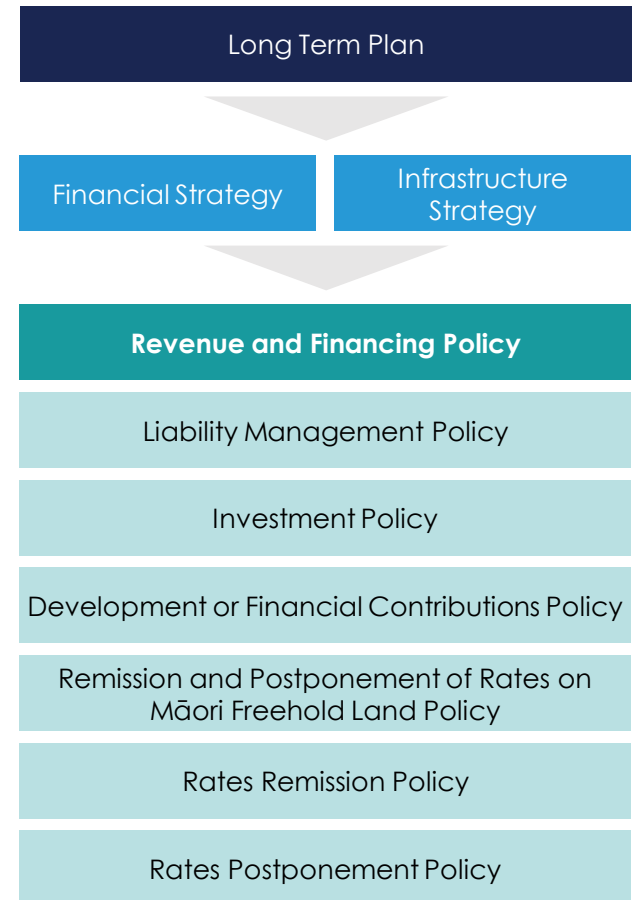
In accordance with the LGA, this Revenue and Financing Policy outlines how Ōpōtiki District Council proposes to fund its operating and capital expenditure, who will fund it, and why.

Council provides a number of distinct activities and services to achieve the community outcomes identified in its Long Term Plan (LTP). It is obliged to undertake these activities in a financially prudent and sustainable manner, across a variety of available funding sources.

Council's current activities can be grouped into the following three categories:

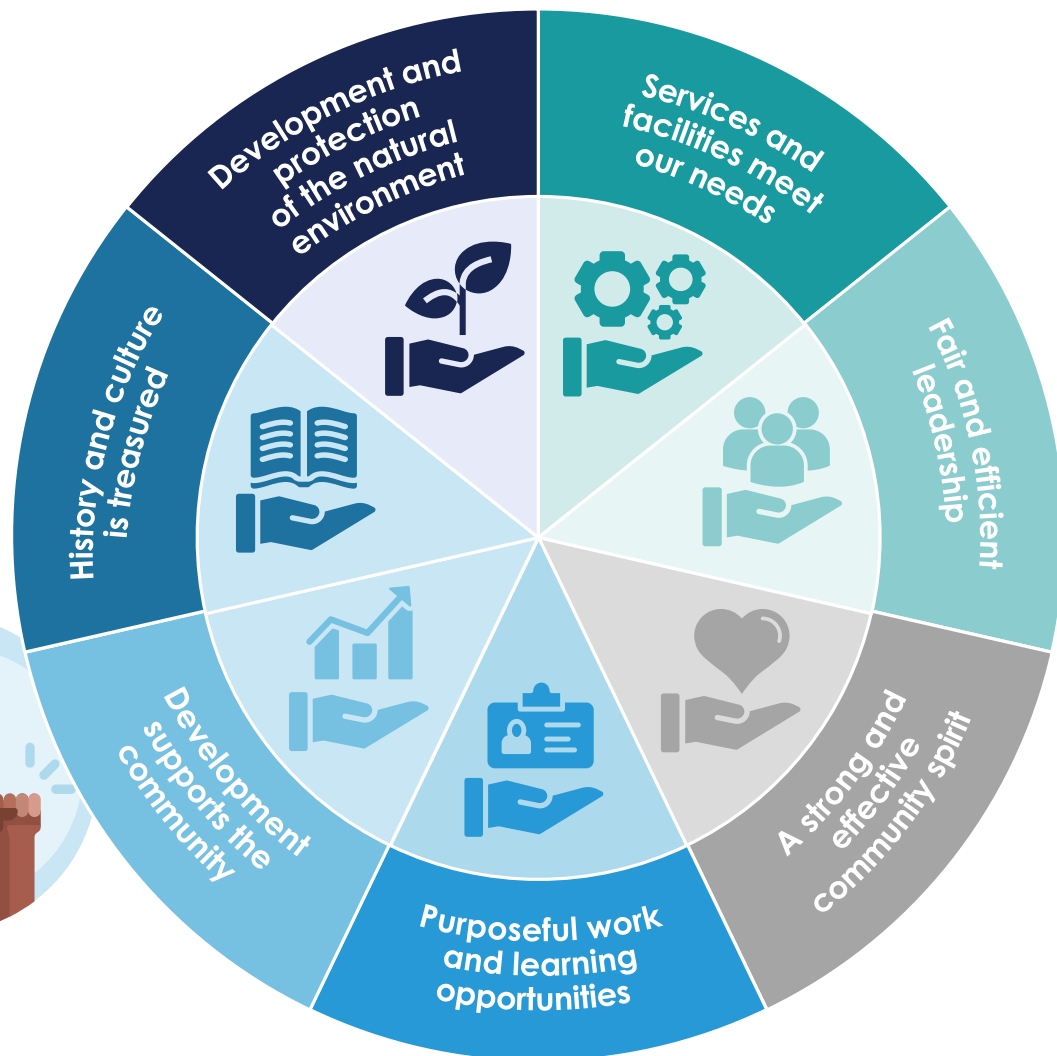
-  Community & cultural sustainability.
-  Environmental sustainability.
-  Economic sustainability.

Before discussing how each of these groups of activities are funded, this section first identifies Ōpōtiki district's community outcomes. It then describes the Council expenditure necessary to achieve these outcomes alongside the funding sources available and the matters considered by Council when making funding decisions.



Ōpōtiki district's vision and community outcomes

**STRONG
COMMUNITY
STRONG
FUTURE**



Description of Council expenditure

Broadly speaking, Council has two types of expenditure to achieve its stated community outcomes; operating and capital.



OPERATING EXPENDITURE

Operating expenditure is used to fund the on-going, day-to-day activities and services of Council.

Ōpōtiki District Council's policies and practices regarding the funding of its operating expenses are set to ensure that they comply with applicable legislation and accounting practices.

In general terms, Council will use a mix of revenue sources to meet operating expenses. Major sources include general rates, subsidies, and fees and charges.

In addition, revenue from targeted rates is applied to specific activities. Reserve funds (including savings from previous years) are also occasionally used as a revenue source.

Operating costs do not normally utilise loans or proceeds from asset sales.

Deviating from this policy is a Council decision. At times, Council is required under accounting rules to write down or treat a cost as an operating expense that had been expected to be funded from loans.



CAPITAL EXPENDITURE

Capital expenditure is money spent in acquiring or upgrading a business asset such as equipment or buildings.

Council has three categories of capital expenditure in relation to its activities. These include:

- **Renewals:** defined as capital expenditure that increases the life of an existing asset with no increase in service level.
- **Increased level of service:** defined as capital expenditure that increases the service level delivered by the asset.
- **Growth:** defined as capital expenditure that is required to provide additional capacity to cater for growth in demand.

Capital expenditure is funded (in order of decreasing priority) from subsidies, user contributions, reserves or trust funds (where appropriate), and loans. In roading, some ongoing capital developments are funded from subsidies and rates. Capital development projects that are minor, and those projects that are regular and funded on an annual basis, are rate funded. For example, every year Council funds its share of minor safety road improvements from rates.

Available funding sources

Ōpōtiki District Council, like other local authorities, has a number of sources available to fund its activities.

As outlined in s103(2) of the LGA, these include:

- General rates, including choice of valuation system, differential rating, and uniform annual general charges;
- Targeted rates;
- Lump sum contributions;
- Fees and charges;
- Interest and dividends from investments;
- Borrowing;
- Proceeds from asset sales;
- Development contributions;
- Financial contributions under the Resource Management Act 1991;
- Grants and subsidies;
- Regional fuel taxes under the Land Transport Management Act 2003; and
- Any other source.

Further explanation of each of these funding sources, and how Council uses them, is included on pages 12 – 13.



Matters considered by Council when making funding decisions

In order to decide how to fund its activities to best achieve its community outcomes, Council was guided by the matters outlined in s101 (3) of the LGA. Consideration of these matters helped Council to determine which funding source it would use for each of its activities. These matters included:

- The community outcomes to which the activity primarily contributes;
- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
- The period in or over which those benefits are expected to occur;
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

Council also considered the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community.



In addition to these s101 (3) matters, Council also considered the overall impact of its funding decisions on ratepayers, communities, and direct-users. Specifically, Council considered:

- 1 Affordability and the public's ability to pay rates. Council sought to strike a balance between achieving a level of service that meets customer and legislative requirements; and the need to provide these levels of service in an affordable manner. Council also considered how it could maintain an affordable and predictable level of rates in the future.
- 2 The current economic recovery from Covid, and consequent affordability issues that many residents are facing. A larger proportion of infrastructure upgrade costs, for example, will be borne by urban ratepayers. Council is therefore focusing on designing infrastructure that balances function, longevity, and affordability.
- 3 Actively working to gain outside support and external grant funding, where possible and practical. Council has successfully secured central government funding in the past few years, for foundational projects such as the harbour redevelopment and town centre upgrade.
- 4 How best to enable the ongoing profitability of the rural sector, given the impact it has on the whole community.
- 5 Over the period of the LTP there are likely to be ups and downs in reaction to the current global pandemic, commodity prices, and the climate. In the past, Council has adapted to such crises by deferring projects or reducing savings for future asset replacement. These remain options for future crises.

**FUNDING
APPROACH**



Funding challenges

Ōpōtiki district experiences a number of challenges that can impact the financial wellbeing of the community. These include:



Small population:

Ōpōtiki has a small population with a large number of assets. This creates challenges for repairing, maintaining, and renewing those assets to meet the evolving needs of the district.



Long-life assets:

Most of Ōpōtiki's long-life assets (up to 100 years) are over halfway through their useful lives. Funding the replacement of such assets to ensure continuity of service is critical.



Geographically spread assets:

Ōpōtiki district is large in size and assets are required across the district, even though some assets only serve a small number of ratepayers. This can increase the operational and capital costs of providing some necessary services.



Roading subsidies:

Council is reliant on Waka Kotahi (NZTA) subsidies for roading. In addition, increasing oil prices and/or lowering of the New Zealand dollar strongly impacts Council's roading construction costs.



Funding principles

Taking these challenges into account, Ōpōtiki District Council used the following general principles to determine which funding source would be the most equitable and appropriate to utilise for each Council activity:

All properties should contribute in some way to the running of the district, given that ratepayers largely benefit to an equal extent from some Council services.

1

Differential or targeted rates are preferred where benefits accrue to specific groups within the community.

3

All Council activities are **annually funded** to ensure that each generation of ratepayers fund the services they receive.

5

2

User charges are preferred if Council activities benefit individuals to a greater extent than the community.

4

In some cases, **targeted rates** are used as a surrogate for user charges if Council considers this to be a more efficient and effective method of funding than individual user charges.

6

Renewal expenditure and new capital assets will be funded by internal loans. Depreciation reserves will not be used for these activities due to intergenerational inequities embedded in this approach.

Council's approach per funding source

The following approach has been taken by Council and is used alongside the funding principles to determine funding sources for Council activities:

- While effort is made to link payment of rates to benefits received or costs generated, it is not always possible to do this on an individual ratepayer basis (nor is it legally required).
- Subsidies from central government recognise that some services, such as roads, form part of our national infrastructure and only central government can levy charges.
- Savings are generally placed into reserves which are funded from past surpluses, realisation of assets, or by rates. Trust funds are normally bequeathed to Council in trust. Reserves and trust funds (savings) may be used to fund activities where appropriate to the purpose of the reserves or trusts (operating or capital).

The remainder of this section describes the funding sources available to Council with more specific detail regarding Council's approach to each.

General rates

The general rate is set under Section 13 of the Local Government (Rating) Act 2002. The general rate is a rate in the dollar on capital/land value applied to all properties in the district.

A general rate is generally used when:

- Council considers that a capital/land value rate is fairer than the use of other existing rating tools for the activity funded;
- Council considers that the community as a whole should meet costs of the function;
- Council is unable to achieve its user charge targets and must fund expenditure; or
- Council favours use of the Uniform Annual General Charge (UAGC) but is constricted by the 30% cap.

Availability charges

The general rate is sometimes split between the base differential rating category and an 'availability charge' differential rating category.

This occurs when services are available (such as water supply located adjacent to a property), but a property is not connected. In these cases, the Council charges for the availability of this service (i.e. the ability to

connect). Availability is usually charged as targeted rates for water supply, wastewater, and refuse collection.

Uniform Annual General Charge

The UAGC is set under Section 15 Local Government (Rating) Act 2002. A UAGC is a specified amount applied to every rating unit or separately used or inhabited part of a rating unit. A UAGC is used when:

- Council considers that all district ratepayers benefit to an equal extent from some portion of one of Council's activities; and
- Council considers that applying a user charge for that portion of a service would not be practicable; and
- Valuation based rating does not provide a better proxy for equitable rating.

The Local Government (Rating) Act 2002 determines that certain rates must not exceed 30% of total rates revenue. In particular these are UAGC's set in accordance with section 15 and targeted rates that are set on a uniform basis in accordance with section 18(2) and clause 7 of schedule 3 of the Act. This cap excludes targeted rates that are set solely for water.

Targeted rates

A targeted rate is set under Sections 16 or 19 of the Local Government (Rating) Act 2002. Targeted rates are for funding one or more activities or groups of activities and can apply either to all the land in the district or one or more categories of land. A targeted rate is used when:

- Council considers that a targeted rate would enable a higher level of transparency in funding allocation; or
- Council considers that a targeted rate is fairer than the use of other existing rating tools for the activity funded, in consideration of the benefit derived from the activity; and
- There is not equal benefit to all ratepayers from that portion funded by a UAGC.

Fees and charges

Fees and charges are applied to individual users or exacerbator groups when:

- It is assessed that level of benefit to identified beneficiary/exacerbator groups justifies the seeking of user charges; and
- There are identifiable and distinct user groups/exacerbators identified; and
- User fees represent the fairest method to seek a contribution from identified beneficiaries or exacerbators.

Interest

Council receives limited interest from cash investments. Any interest received is used to offset the rate required in the year received.

Dividends

Any dividends received are used to offset the general rate required in the year received.

Borrowing

Borrowing is managed by the provisions of Council's policy on liability and investment management.

Proceeds from asset sales

Funds from any asset sales are applied first to offset borrowing.



Development contributions

Council does not currently collect development contributions. We will look at reintroducing these through this LTP.

Financial contributions

Council uses funds from financial contributions to fund capital expenditure projects in accordance with the Resource Management Act 1991. Council will not use funds from financial contributions for operating expenditure.

Grants and subsidies

Council receives a subsidy from Waka Kotahi (NZTA) to part-fund operations, renewal, and capital development in Land Transport. The percentage of this subsidy differs for different types of works.

Council pursues other grant & subsidy funding available from central government and other agencies wherever it is considered appropriate.

Who benefits?

In relation to each Council activity that requires funding, Council must identify how the benefit of that activity is distributed. This includes the distribution of the benefit across the community as a whole, any identifiable part of the community, and/or individuals. The following groups have been identified for the purpose of considering the distribution of benefits of Council activities:



National benefit:

Benefits the nation and is public in nature.



Regional benefit:

Benefits the region and is public in nature.



District benefit:

Benefits the whole of Ōpōtiki district and is public in nature.



Offender/exacerbator:

Cost that results from offenders, or protagonists, who exacerbate a problem.



Community benefit:

Benefits a particular Ward, property type or property use and is public in nature.



Commercial benefit:

Benefits the commercial sector and has both public and private benefit.



User/applicant benefit:

Benefits an identifiable individual, group, or community segment.



The following section identifies the scale of 'attributable benefit' that each of these groups may experience as a result of specific Council activities. This ranges from 'high', 'medium' and 'low' likely benefit. Refer to pages 19 – 32 for further details.

Note:

Private benefit - The distribution of benefits between parts of the community and/or individuals.

Public benefit - The distribution of benefits between the community as a whole.

COUNCIL ACTIVITIES



Council activities

Council's current activities can be grouped into three categories, as identified below. These groupings are considered the best way to reflect how Council's activities promote community wellbeing across Ōpōtiki district. This section then identifies, for each group of activities, what funding mechanisms are available and how Council propose to fund each activity, following consideration of the matters outlined in s101(3) of the LGA.



COMMUNITY & CULTURAL SUSTAINABILITY

This group of activities focus on building and developing cohesive and functional communities in the Ōpōtiki district.

LEADERSHIP
COMMUNITY FACILITIES
COMMUNITY DEVELOPMENT
ECONOMIC DEVELOPMENT
REGULATION AND SAFETY



ENVIRONMENTAL SUSTAINABILITY

This group of activities work towards community outcomes that promote environmental wellbeing. They mitigate and manage impacts so that future generations can enjoy our districts' pristine natural environment.

SOLID WASTE MANAGEMENT
STORMWATER
DISTRICT PLANNING
WASTEWATER






ECONOMIC SUSTAINABILITY

This group of activities provide infrastructure that enables the community to grow and prosper. Ōpōtiki district needs reliable infrastructure to support the development of businesses and industries.

WATER SUPPLY
LAND TRANSPORT
INVESTMENTS

Funding operating and capital expenditure

The following table shows which mechanisms could be used to fund the operating and capital expenditure necessary to sustain Council's activities.

		Funding of operating expenditure				Funding of capital expenditure			
		General rates	Targeted rates	Grants & subsidies	Fees & charges	General rates	Targeted rates	Borrowings	Contributions/ user charges
 COMMUNITY & CULTURAL SUSTAINABILITY	Leadership	✓			✓	✓		✓	
	Community facilities	✓	✓	✓	✓	✓		✓	✓
	Community development	✓				✓		✓	
	Economic development	✓		✓	✓	✓		✓	✓
	Regulation & safety	✓			✓	✓		✓	
 ENVIRONMENTAL SUSTAINABILITY	Solid waste management	✓	✓	✓	✓	✓		✓	✓
	Stormwater	✓	✓			✓		✓	✓
	District planning	✓							
	Wastewater	✓	✓				✓	✓	✓
 ECONOMIC SUSTAINABILITY	Water supply	✓	✓		✓		✓	✓	
	Land transport	✓	✓	✓	✓	✓	✓	✓	✓
	Investments	✓			✓			✓	



**COMMUNITY &
CULTURAL
SUSTAINABILITY**





Leadership

Council's leadership activity provides for:

- Governance at the district and local levels.
- Conduct of elections.
- Council's advocacy on issues that impact on the Ōpōtiki district's community outcomes.
- Planning and policy development to provide a framework for the community's strategic direction.
- Monitoring and reporting.

Leadership activity also includes the preparation of policies guiding strategic direction and strategic financial decisions for presentation to the community for feedback.



Community outcome:



Fair and efficient leadership

Period of benefit:



On-going

Need created by:



District

ATTRIBUTABLE BENEFIT		ALLOCATION OF FUNDING		Separate funding	Rationale
Benefit group	Level of benefit ¹	Funding method	Level of funding ²		
National	Low	No mechanism	None	This activity is not funded separately because there is a benefit to all ratepayers.	The preferred funding tool is general rates, which are applied to all households and businesses that benefit from Council's leadership activities.
Regional	Low	No mechanism	None		
District	High	Rates	All		

1. High = 67-100% likely attributable benefit; Medium = 34-66% likely attributable benefit; Low = 0-33% likely attributable benefit.

2. All = 100%; Most = 75-99%; Moderate = 50-74%; Low = 25-49%; Minimal = 1-24%; None = 0%.



Community facilities

Council's community facilities activity ensures that individuals living in Ōpōtiki district have access to a range of services and facilities to increase their wellbeing and quality of life. These services and facilities are provided through functions such as:

- Airport.
- Cemeteries.
- Public toilets.
- Parks and reserves.
- Playgrounds.
- Property.
- District library.
- The cycle way.



Community outcome:



Services and facilities meet our needs

Period of benefit:



On-going

Need created by:



District



User/applicant

ATTRIBUTABLE BENEFIT		ALLOCATION OF FUNDING		Separate funding	Rationale
Benefit group	Level of benefit ¹	Funding method	Level of funding ²		
National	Low	No mechanism	None	It is useful to fund community facilities separately as some aspects of this activity suit different funding mechanisms. For example, cemeteries & libraries can be at least partly user-funded whereas cycleways cannot.	The user benefit of community facilities is high, however, Council currently lacks the means to effectively recover fees & charges from users. A mix of general rates, targeted rates, and some user charges is therefore preferred.
Regional	Low	No mechanism	None		
District	Med	Rates	Most		
Community	Low	Targeted rate	Minimal		
Commercial	Low	Targeted rate	Minimal		
User	Med	Fees and charges	Minimal		

1. High = 67-100% likely attributable benefit; Medium = 34-66% likely attributable benefit; Low = 0-33% likely attributable benefit.
2. All = 100%; Most = 75-99%; Moderate = 50-74%; Low = 25-49%; Minimal = 1-24%; None = 0%.



Community development

Council's community development activity works to ensure that individuals living in the Ōpōtiki district have access to a range of services and facilities to increase their quality of life. These services and facilities provide the following functions:

- Community grants.
- Healthy and active communities.



Community outcome:



A strong and effective community spirit

Period of benefit:



On-going

Need created by:



District



Community

ATTRIBUTABLE BENEFIT		ALLOCATION OF FUNDING		Separate funding	Rationale
Benefit group	Level of benefit ¹	Funding method	Level of funding ²		
National	Low	Subsidy	Minimal	Community development is funded separately to understand the cost of service and provide transparency regarding aspects such as community grants.	General rates or a UAGC (or a combination) are the most appropriate funding mechanisms given the distribution of benefits to the district & communities. It would be difficult to justify any other funding sources such as user-pays.
Regional	Low	Subsidy	Minimal		
District	Med	Rates	Most		
Community	Med	Subsidy	Minimal		

1. High = 67-100% likely attributable benefit; Medium = 34-66% likely attributable benefit; Low = 0-33% likely attributable benefit.
2. All = 100%; Most = 75-99%; Moderate = 50-74%; Low = 25-49%; Minimal = 1-24%; None = 0%.



Economic development

Council's economic development activity creates a sustainable economic future for the district. This is achieved through the following functions:

- Economic development.
- Tourism promotion.
- Harbour development.



Community outcome:



Development supports the community



Purposeful work and learning opportunities

Period of benefit:



On-going

Need created by:



District



Community

ATTRIBUTABLE BENEFIT		ALLOCATION OF FUNDING		Separate funding	Rationale
Benefit group	Level of benefit ¹	Funding method	Level of funding ²		
National	Low	Subsidy	Low	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity, which uses various funding sources.	General rates or a UAGC (or a combination) are the most appropriate funding mechanisms given the distribution of benefits to the district & communities.
Regional	Low	Subsidy	Low		
District	Med	Rates	Most		
Community	Low	Targeted rates	Minimal		
Commercial and user	Low	Fees and charges	Low		

1. High = 67-100% likely attributable benefit; Medium = 34-66% likely attributable benefit; Low = 0-33% likely attributable benefit.

2. All = 100%; Most = 75-99%; Moderate = 50-74%; Low = 25-49%; Minimal = 1-24%; None = 0%.



Regulation & safety

Council's regulation and safety activity regulates a number of activities in the district to facilitate growth and maintain environmental qualities valued by the community. This is achieved through the following functions:

- Environmental health.
- Noise control.
- Animal control.
- Building control.
- District Plan implementation.
- Liquor licensing.
- Safety.



Community outcome:



Development supports the community



Development and protection of the natural environment

Period of benefit:



On-going

Need created by:



District



Community



Commercial

ATTRIBUTABLE BENEFIT		ALLOCATION OF FUNDING		Separate funding	Rationale
Benefit group	Level of benefit	Funding method	Level of funding		
National	Low	No mechanism	None	Identifying separate funding helps understand the cost of regulatory compliance and enhances the transparency of Council's expenditure.	General rates or a UAGC (or a combination) are the preferred funding mechanisms given the distribution of benefits. User charges and fines are also appropriate to recover costs of non-compliance.
Regional	Low	No mechanism	None		
District	Med	Rates	Moderate		
Community	Low	Targeted rates	Minimal		
Commercial and user	Low	Fees and charges	Low		



**ENVIRONMENTAL
SUSTAINABILITY**





Solid waste management

Council's solid waste activity provides solid waste services for public health and future development for the district. This is achieved by the following functions:

- Kerbside collection.
- Resource recovery centres.
- Waste minimisation.
- Litter control.
- Closed landfills.



Community outcome:



Services and facilities meet our needs



Development and protection of the natural environment

Period of benefit:



On-going

Need created by:



District



User

ATTRIBUTABLE BENEFIT		ALLOCATION OF FUNDING		Separate funding	Rationale
Benefit group	Level of benefit ¹	Funding method	Level of funding ²		
National	Low	Subsidies and grants	Minimal	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	The preferred funding tool is general rates, which are applied to all households and businesses that benefit from this activity. User charges and targeted rates also recognise the benefits to people disposing of waste.
Regional	Low	No mechanism	None		
District	High	Rates	Moderate		
User	Low	Targeted rates	Minimal		
		Fees and charges	Minimal		

1. High = 67-100% likely attributable benefit; Medium = 34-66% likely attributable benefit; Low = 0-33% likely attributable benefit.

2. All = 100%; Most = 75-99%; Moderate = 50-74%; Low = 25-49%; Minimal = 1-24%; None = 0%.



Stormwater

Council's stormwater activity protects the health and safety of the community.



Community outcome:



Services and facilities meet our needs



Development and protection of the natural environment

Period of benefit:



On-going

Need created by:



District



Community

ATTRIBUTABLE BENEFIT		ALLOCATION OF FUNDING		Separate funding	Rationale
Benefit group	Level of benefit ¹	Funding method	Level of funding ²		
District	High	Rates	Most	Identifying separate funding helps understand the cost of service for stormwater and enhances the transparency of Council's expenditure.	The preferred funding tool is general rates, which are applied to all households and businesses that benefit from this activity. A targeted rate also acknowledges the additional benefit attributed to some communities.
Community	Low	Targeted rates	Minimal		

1. High = 67-100% likely attributable benefit; Medium = 34-66% likely attributable benefit; Low = 0-33% likely attributable benefit.
 2. All = 100%; Most = 75-99%; Moderate = 50-74%; Low = 25-49%; Minimal = 1-24%; None = 0%.



District planning

The district planning activity provides for future development of the district. This is achieved through the administrative, processing, monitoring and decision-making role for resource management.



Community outcome:



Development supports the community



Development and protection of the natural environment

Period of benefit:



On-going

Need created by:



District



User/applicant

ATTRIBUTABLE BENEFIT		ALLOCATION OF FUNDING		Separate funding	Rationale
Benefit group	Level of benefit ¹	Funding method	Level of funding ²		
National	Low	No mechanism	None	It is useful to fund district planning separately from other activities in order to understand the cost of service and set appropriate user fees & charges.	General rates or a UAGC (or a combination) are the preferred funding mechanisms given the distribution of benefits. User fees & charges are also appropriate.
Regional	Low	No mechanism	None		
District	High	Rates	Most		
User/applicant	Low	Fees and charges	Minimal		

1. High = 67-100% likely attributable benefit; Medium = 34-66% likely attributable benefit; Low = 0-33% likely attributable benefit.
 2. All = 100%; Most = 75-99%; Moderate = 50-74%; Low = 25-49%; Minimal = 1-24%; None = 0%.



Wastewater

Council's wastewater activity manages sewage disposal for public health and future development for the district.



Community outcome:



Services and facilities meet our needs

Period of benefit:



On-going

Need created by:



Community



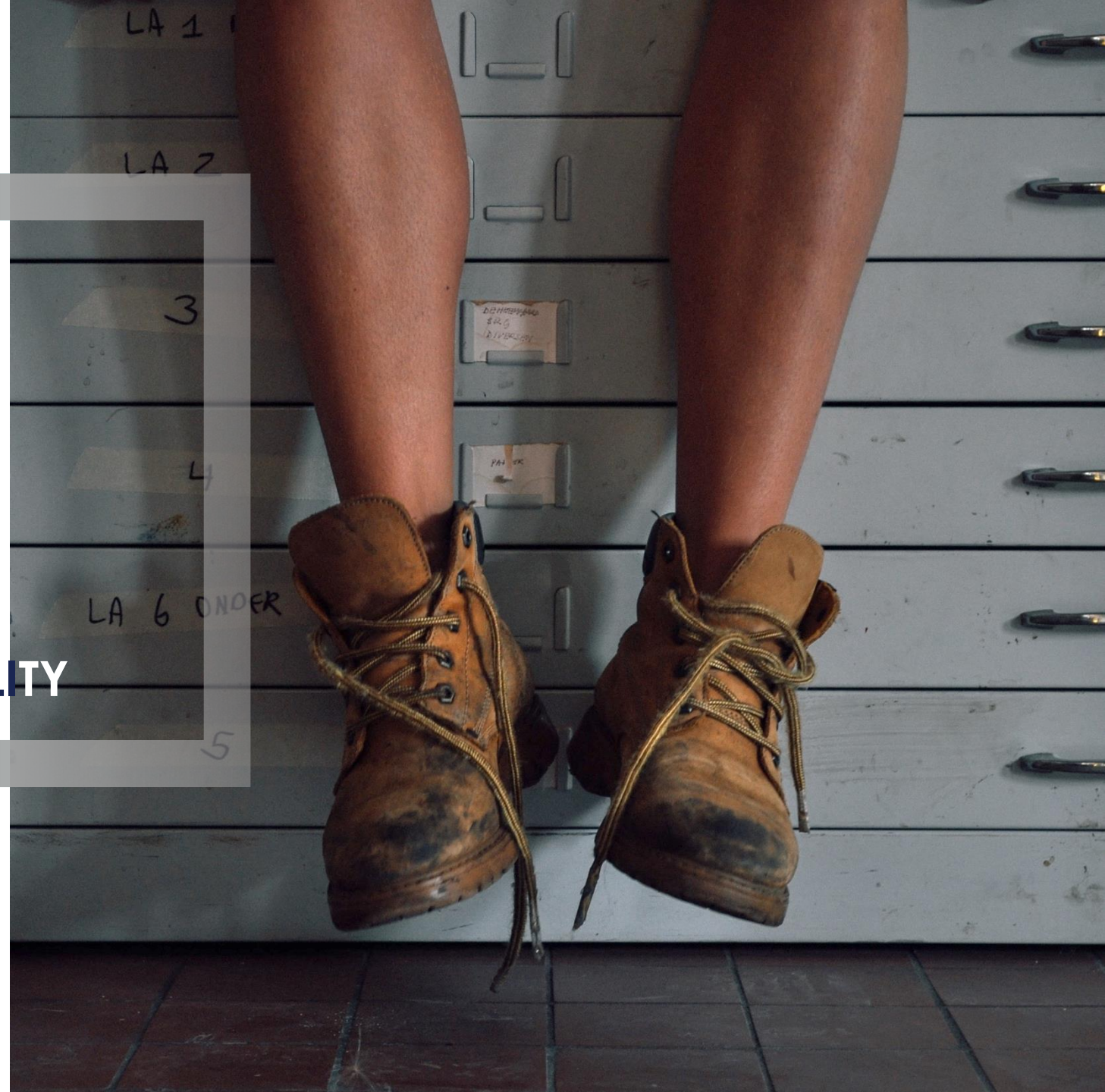
District

ATTRIBUTABLE BENEFIT		ALLOCATION OF FUNDING		Separate funding	Rationale
Benefit group	Level of benefit ¹	Funding method	Level of funding ²		
District	Low	Rates	Low	Identifying separate funding assists in the accountability and transparency of Council's expenditure on wastewater. It can also inform estimates for future maintenance expenditure.	General rates or a UAGC (or a combination) are the preferred funding mechanisms given the distribution of benefits to the community. It is not practical to measure the quantity of each user's contribution to the sewage system.
Community	High	Targeted rates User charges	Moderate Minimal		

1. High = 67-100% likely attributable benefit; Medium = 34-66% likely attributable benefit; Low = 0-33% likely attributable benefit.
 2. All = 100%; Most = 75-99%; Moderate = 50-74%; Low = 25-49%; Minimal = 1-24%; None = 0%.



ECONOMIC SUSTAINABILITY





Water supply

Council's water supply activity provides a reliable and safe water supply for public health and future development for the district. This is achieved through the following functions:

- A reticulated supply to 5,760 residents.
- Water quality monitoring.
- Future supply needs.



Community outcome:



Services and facilities meet our needs

Period of benefit:



On-going

Need created by:



Community



User

ATTRIBUTABLE BENEFIT		ALLOCATION OF FUNDING		Separate funding	Rationale
Benefit group	Level of benefit ¹	Funding method	Level of funding ²		
District	Low	Rates	Minimal	Identifying separate funding (targeted rate based on water use) provides accountability and transparency of Council spending on water supply.	Targeted rates are appropriate for charging those communities and users that directly benefit from the use of potable water. An element of general rates is recommended to capture all beneficiaries.
Community and user	High	Targeted rates, metered water charges, and connection fees	Most		

1. High = 67-100% likely attributable benefit; Medium = 34-66% likely attributable benefit; Low = 0-33% likely attributable benefit.
 2. All = 100%; Most = 75-99%; Moderate = 50-74%; Low = 25-49%; Minimal = 1-24%; None = 0%.



Land transport

Council's land transport activity works to provide an efficient transport network and future development for the district. This is achieved by the following functions:

- Land transport.
- Land transport accelerated and enhanced.

Community outcome:



Services and facilities meet our needs



Development supports the community

Period of benefit:



On-going

Need created by:



District



Commercial



National



User



Regional

ATTRIBUTABLE BENEFIT		ALLOCATION OF FUNDING		Separate funding	Rationale
Benefit group	Level of benefit	Funding method	Level of funding		
National	Low	Subsidy	Low	Identifying separate funding provides accountability and transparency of Council's expenditure on this activity.	A subsidy is provided by the Govt given the national benefits of this activity. Some income may be claimable from the Regional Council given the regional benefits. Given the district-wide benefit a general rate or UAGC is preferred. A targeted rate will be applied to commercial users given environmental management benefits. Where a user benefit is identifiable, costs will be recovered via a targeted rate or minimal user charges.
Regional	Low	No mechanism	None		
District	Med	Rates	Moderate		
Commercial	Low	Targeted rates	Minimal		
User	Low	Targeted rates	Minimal		
		User charges	Minimal		



Investments

Council's investment activity attracts funds to provide for future development in the district. This is achieved by undertaking investment functions that are low risk and within areas of core council activities.

Council also uses BOPLASS to achieve joint buying power with other Council partners. BOPLASS is a company owned by nine councils (including Ōpōtiki DC) to promote joint procurement and shared services.



Community outcome:



Development supports the community

Period of benefit:



On-going

Need created by:



District



Regional

ATTRIBUTABLE BENEFIT		ALLOCATION OF FUNDING		Separate funding	Rationale
Benefit group	Level of benefit ¹	Funding method	Level of funding ²		
National	Low	No mechanism	None	Identifying separate funding provides accountability and transparency of Council's expenditure on this activity for both the community and BOPLASS partners.	Council's investments provide significant district benefit, as funds are invested for improvements in community services. A general rate or UAGC (or a combination) is therefore preferred.
Regional	Low	No mechanism	None		
District	High	Rates Fees and charges	Most Minimal		

1. High = 67-100% likely attributable benefit; Medium = 34-66% likely attributable benefit; Low = 0-33% likely attributable benefit.
2. All = 100%; Most = 75-99%; Moderate = 50-74%; Low = 25-49%; Minimal = 1-24%; None = 0%.

Revenue & Financing Policy

Draft for Council approval

January 2021