



*Meeting of the*

**LONG TERM PLAN WORKING GROUP to be held in the  
COUNCIL CHAMBERS, 15 Seymour Street, Blenheim  
on TUESDAY, 28 NOVEMBER 2023**

**At the conclusion of the  
Economic, Finance and Community Committee meeting**

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Record No: 23247948

File Ref: D050-001-L24



## 1. LTP Working Group - Minutes

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1. The Minutes of the LTP Working Group meeting held on 17 October 2023 are **attached** for confirmation by the Working Group.

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### **RECOMMENDATION**

**That the Minutes of the Long Term Plan Working Group meeting held on 17 October 2023 be confirmed as a true and correct record.**

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2. Matters arising.

**Report of the LONG TERM PLAN WORKING GROUP  
held in the Council Chambers, 15 Seymour Street, Blenheim  
on TUESDAY, 17 OCTOBER 2023 commencing at 1.29 pm**

**Present**

The Mayor N P Taylor (in the Chair), Cirs S R W Adams, B A Faulls, G A Hope, R J Innes and J D N Croad

**Also Present**

Cirs S J Arbuckle, B J Minehan, T P Sowman and D A Dalliessi

**In Attendance**

Mark Wheeler (Chief Executive), Martin Fletcher (Chief Financial Officer), Dean Heiford (Manager Economic, Community & Support Services), Gina Ferguson (Consents & Compliance Manager), Richard Coningham (Assets & Services Manager), Jamie Lyall (Property & Community Facilities Manager), Chris Lake (Financial Services Manager), Tessa Dever (Financial Accountant), Rainbow Zhao (Systems Accountant), and Nicole Chauval (Committee Secretary)

**Apologies**

An apology for absence from Clr J C Rosene was received.

**Carried**

**1. LTP Working Group - Minutes**

**Clr Croad/Faulls:**

**That the Minutes of the Long Term Plan Working Group meeting held on 8 September 2023 be confirmed as a true and correct record.**

**Carried**

NB: The order of the agenda was altered at this point and the following Item 7 was heard ahead of Item 2.

**7. Community Funding**

Ms Griffiths reported that the purpose of the report was to review the existing structure and levels of community funding allocated as annual and contestable grants.

The agenda item provided members with information on how the community grants were structured and allocated and included details on the eligibility criteria. It was noted that the community funding is a mechanism which enables Council to fulfil its commitment to all four wellbeing pillars (social, economic environmental and cultural) and contributes to a positive and cohesive community.

The following community funding is available:

- i) Annual Operating grants are approved and level of funding set through either the Long Term Plan or Annual Plan process.
- ii) Community Grants are allocated once per year via the Grants Sub-Committee whose membership includes Councillors and community representatives.
- iii) Waiver of fees is allocated and administered by Council staff as per the policies set by Council
- iv) Creative Community Scheme funding and Rural Travel Funding is received from Creative NZ and Sport NZ to be administered by Council for the community.

Historically operating grants have been approved at various times/stages with no formal process or criteria followed. Ms Griffiths also noted there is currently no term for review of annual operating grants and that having a review period would provide an opportunity to ensure that the funding still matched community needs and purpose as organisations do change over time.

There are also other organisations that are as worthy or maybe more eligible for operating grants and by having a regular review cycle it would provide Council with an opportunity to assess all organisations on a regular basis.

It was raised how Council could help with future discussions with organisations. Ms Griffiths noted that by Council making the decision to have a formal review cycle it would enable staff to have conversations with organisations to ensure that the grant that is being provided matches what is being delivered. At the moment agreements are historical and some don't match what groups currently provide which makes any changes difficult.

In considering a review Council also does not want to suddenly withdraw funding which could severely impact organisations. Consideration does need to be given to easing back on funding over a period of time so organisations can work through the limitation of funding. Getting the balance right in terms of a review is important.

Clr Dalliesi suggested that in January a notice is sent to all groups that receive the Annual Operating grant advising that a review is being planned. It was noted that no criteria has been established for why any of the organisations receive the Annual Operating Grant, they are simply a collection of Council decisions made over time. The key thing is to establish the criteria then look across the whole list and form a view as to whether or not the organisations receives the operating grant until the next review.

Clr Innes queried whether the amount of funds a group has is taken into consideration when providing operating grants and how that would be managed through the review process. Ms Griffiths advised that there could be a criteria that organisations accounts are supplied for review but did note that Council does get financial information as part of accountability reports each year for community grants.

Members were advised that by undertaking a total review now Council will be able to understand why the money was there and if it is no longer relevant look to allocate it differently.

It was requested that as part of the review that information on land or buildings that are charged minimal rents are included, this will then identify the total value of the package that Council is providing rather than just the cash component.

It was noted that in regard to the Community Grants there is a very robust process on how the Grants Committee assess the applications and compare very different projects with one another.

Ms Griffiths raised whether the Grants Committee could have some way to filter applications through to the Annual Operating Grant if they have met the new criteria and that they have demonstrated the need for ongoing support rather than returning regularly to the Community Grants. It would then give Community Grants more scope to support new one off or more unique projects.

It was raised whether consideration could be given to funding being granted over a number of years to complete a particular project. It was noted that this could be considered but there also needed to be an understanding that if funding was granted then this would affect the total amount of funds available for the following year.

Members noted that as part of receiving a grant it was suggested that recipients needed to promote the activity that is being funded e.g. via Facebook, newspaper story. It was reported that groups that receive funding are required to list themselves on the Marlborough Community Directory and Ms Griffiths noted that they look at ways to encourage groups to raise their profile and promote project.

It was also suggested that how groups are accountable can form part of the review.

Members noted that they were supportive of keeping the Community Grant Funding level in total as it is.

Waiver of fees is allocated and administered by Council staff as per the policies set by Council. Mr Heiford responded to a number of queries regarding the waiver of fees and at the conclusion members agreed to deal with the fee waiver budget as part of the review.

As a result of the discussions The Mayor moved and Cllr Croad seconded the following amended motion.

**The Mayor/Cllr Croad:  
The Council:**

1. **Continue with the current level of Community Grant funding.**
2. **Request the development of criteria for the approval, use and review of Annual Operating Grants.**
3. **Review the Community Grants criteria in relation to Annual Operating Grants and consider opportunities for realignment.**
4. **Establish a review cycle for existing Annual Operating Grants in line with the three yearly LTP cycle.**

**Carried**

## **2. Proposed LTP Working Group Items and Timings D050-001-L24**

Martin Fletcher advised that the purpose of the report was to document proposed LTP Working Group items, their timing and progress to date. The schedule will be updated as items are completed and included as a regular agenda item.

Members went through the document and updates were noted. (Refer to Attachment 1)

In response to a query regarding the amount identified in CBD Budgets for Picton CBD, attached as Attachment 2 in the agenda, Mr Fletcher advised that if the amount budgeted is not spent then it will be considered for a carry forward. It was noted that it has been carried forward one year already.

**The Mayor/Cllr Dawson**  
**That the LTP Working Group note the updates and progress made to date on the items contained in Attachment 1.**

**Carried**

ATTENDANCE: Cllr Dawson withdrew from the meeting at 2.45 pm during the following item.

## **3. Contracting Out F230-L24-09-05**

Martin Fletcher noted that the purpose of the report was to consider the investigation of Council's level of contracting out. A list of operating contracts in Council's procurement system was attached to the agenda for the members' information.

It was noted that the total number of contracts, Capex and Opex, is almost 600.

Mr Fletcher reported that the contracts had been categorised into areas - 'S' for specialists and would not be economical for them to be brought in house; 'T' for contracts that are small in budget value. The final category was 'O' for operations contract and could be considered for review.

The areas under 'O' and available for possible review were Rivers, Community Facilities/Parks and Open Spaces and Property Management.

Mr Fletcher discussed the areas that could be considered for review noting that nothing is predetermined as it would depend on what the investigations yield. Members were in agreement but noted that there is the community engagement process which will also identify what the community consider important.

Mr Fletcher advised that a possible process would be to identify the priorities to be reviewed and then to determine whether a desk top study would be the starting point before a full review. The results of the desktop review would be brought back to the LTP Working Group for a determination on whether to progress it further.

Members also supported undertaking the review in steps so as to not overload staff and to keep costs down.

During discussion the following points were noted:

1. The length of time contracts have to run, determines when reviewed.
2. Queried whether 2024 contracts be rolled over for a year with potential for consolidation.
3. Some contracts are already out for tender and tender processes should continue.

It was then raised whether the next two areas be considered for review being property management and community facilities/parks, reserves and gardens for a desk top review.

There was support from members that the review start as a desk top exercise but at this stage not to include Rivers as there are major contracts up for renewal or in the process of retendering.

The Mayor raised a query on whether there was sufficient resource to undertake a desktop review. Mr Wheeler reported that over the next few months staff could undertake the first stage and then if further budget was needed it would be possible to put that to the budget meeting. Initially could just do the preparatory work on that and that Jane Tito, Council's Manager, Parks & Open Spaces is preparing a Levels of Service paper which will identify exactly how much is spent on those contracts.

The Mayor noted that it doesn't necessarily need to be available for the budget meeting in February, the budget could be taken from Reserves in a mid-year paper if that was what was decided. It was noted that the Reserve funds are dwindling and that should be taken into consideration.

Clr Adams noted that the desk top review also needed to consider whether it is appropriate to further review as spending \$100k to save \$50k is not the point of the exercise.

At the conclusion of the discussion Clr Croad noted the initial recommendation in the agenda and proposed that point 2 be removed and moved the following amended motion seconded by Clr Dalliessi.

**Cirs Croad/Dalliessi  
That Council:**

1. **Note the information contained in Attachment 1 of the current operational contracts;**
2. **Recommend that the Property Management and Parks and Reserves contracts be investigated in regard to bringing in house via an initial desktop investigation and report back to the LTP Working Group.**

**Carried**

#### **4. 2024-34 Long Term Plan Interest Rate on Council Borrowings Assumption D050-001-L24**

Members noted that the purpose of the report was to review Council's current interest rate assumption and identify the anticipated impacts of any change on rates and Council's financial position.

Ms Lake noted that the interest rate assumption is a key component to Council's budget and rate setting process and is reviewed annually.

Members were advised that as at 30 June 2023 Council had \$141M of debt (internal and external). By June 2025 the 2023/24 annual plan forecasts the value to be \$240M. Debt, along with depreciation and

development contributions are used to fund large capex projects. By charging loan costs to the Activity means that those ratepayers benefiting from the capital expenditure pay. The majority of these loans are for a 20-year term.

It was reported that the current internal interest rate of 5.0% was recommended by the Long Term Plan Working Group on 5 October 2022 and subsequently agreed by Council.

The Weighted Average for debt at 30 September 2023 is 3.72%. As at 30 June 2025 it is estimated that debt will be \$164M with a weighted average of 4.70%. The cost of debt from LGFA on 11 October was 6.0% for a loan to 5 May 2028. The latest Monetary Policy Statement on 4 October 2023 noted that the theme is that interest rates will be 'higher for longer'.

Three possible options were discussed - Option 1 – 5% Status quo; Option 2 – decrease interest rate to 4.5% or option 3 increase interest rate to 5.5%. It was noted that option 3 is the recommended option.

A paper identifying the impact of options 1 and 3 on the Benchmark properties was circulated at the meeting. (Filed in CM record no. 23236335)

In the regard to the Emergency Events Reserve members noted that the budget process is just commencing at the time of this paper and therefore it would be more appropriate to look at the funding of the Emergency Events Reserve at the February Budget Meeting. At that stage the effect of the election on three waters, and a clearer picture of the value of insurance funds to replenish this Reserve should be known.

Members asked a number of questions at the meeting including whether weighting has been completed further out from 2025. Mr Fletcher noted that it hasn't but noted that the 5.5% will be used right through the 10 years of the LTP. It will then be reviewed at the next Annual Plan and at that time Council will reforecast it for the next 10 years.

**Cllrs Croad/Fauls:**

**That the LTP Working Group recommend to Council that it:**

- 1. Agree to increase the internal interest rate assumption to 5.5% for the 2024-34 Long Term Plan.**
- 2. Agree to receive a paper on the funding of the Emergency Events Reserve at the Council February 2024 meeting.**
- 3. Note the impact of the recommended option on the benchmark properties.**

**Carried**

ATTENDANCE: Cllr Hope withdrew from the meeting at 3.14 pm at conclusion of the above item.

ATTENDANCE: Cllrs Innes and S Arbuckle withdrew from the meeting at 3.24 pm during the following item.

**5. Review the Continued Appropriateness of the Current Geographic Rating Areas and Boundaries F230-L24-06**

Ms Lake advised that the purpose of the report was to review whether or not it is appropriate to continue using Council's current six Geographic Rating Areas and boundaries.

It was noted that if Council was to change current rating areas it would require a clearly articulated rationale for the change and engage in consultation with affected ratepayers giving them reasonable opportunity to make written submissions. Members were advised that any consultation at this time is likely to provide confusion with the consultation for the Marlborough Sounds Future Access Study (MSFAS).

Ms Lake noted that it is recommended that no changes are made for this LTP Plan of the current six Geographic Rating Areas and their boundaries, other than those that occur automatically such as when a subdivision occurs, and to Picton when water and sewerage services are extended.

Members were advised that there was a major review of Rating areas in the 2012/22 LTP with the completion of this in the 2018-2028 LTP.



Clarification on geographic rating areas identified in the Sounds was provided by Mr Fletcher. Members requested that a larger Geographic Rating Areas map be circulated.

It was queried that if out of the MFSAS there are areas in the Sounds that lose road access would that mean it would be three years before it is reviewed. Mr Fletcher advised that his understanding is that all bays that have access currently will have access going forward. It may not necessarily be the same level of service but each of the bays that have access will still get access. Other considerations would be if the Government doesn't provide funding for the repairs then Council would have to make some hard decisions in regard to roading. It would be three years before a review would be undertaken unless Council decided to undertake a special consultative procedure.

**Clr Adams/The Mayor:**

**That the LTP Working Group recommend to Council that it agree to continue with the current six Geographic Rating Areas and boundaries.**

**Carried**

ATTENDANCE: Clr Faulls declared an interest in the following item and did not take part in the discussion nor vote on the issue.

## 6. CPI Adjusted Grants

Martin Fletcher advised the purpose of the report was to review the continued appropriateness of CPI adjusting grants.

It was noted that the practice of CPI adjusting annual grants was introduced to reduce the number of submissions to Annual Plan hearings for additional funding. Over time Council has approved annual CPI adjusted grants to six organisations. These were listed in the agenda item. The approvals were generally given in times of low inflation. However, in these times of high inflation, an automatic CPI adjustment reduces Council's flexibility for setting rates as it has to absorb automatic cost increases.

Mr Fletcher raised whether during inflationary times Council has to CPI adjust anything and suggested an option could be that Council put a freeze on any CPI adjustment for a period of three years.

It was noted that the original approvals assumed an ongoing need for the services provided and that these organisations' costs would increase at the same rate as CPI. Members raised whether the organisations receiving CPI adjustments could absorb a CPI increase within their current financial position.

Mr Fletcher noted that it a suggested test is whether the organisation's Working Capital at the end of their previous financial year is greater than \$10,000 or 10% of the organisation's budget, whichever is the greater. A cap could also be considered of a fixed amount e.g. \$50,000 or \$100,000.

In discussing the proposal members noted that it is not believed that Council will see any organisation up ended because of any CPI adjustment. It was noted that there are other groups that have applied for a CPI adjustment and been turned down. Members noted there is currently no policy on CPI Allocation and requested that one be developed.

**Cirs Croad/Adams:**

**1. That Council freezes CPI adjustments for a period of three years.**

**2. That Council develops a policy on CPI allocation.**

**Carried**

There being no further business the meeting was declared closed at 3.42 pm.

### Meeting Schedule

	Meeting	Date	Time	Venue
1.	LTP Working Group	28 November	1.00 pm – 3.00 pm	Council Chambers

Record No: 23237771

Attachment 1

Items for Review	Progress to Date/Responsibility	Department	When	Comment	
1	Funding of depreciation of Community Facilities to fund their replacement.	This item has already been considered, with the decision being that while funding depreciation may be the better option in the long term, that in the interim replacements would be funded by a mix of debt and "Land Sub" funding, depending on the level of growth that's driving the need for a particular project.	Finance	0	No further action
2	Council's policy on providing rates relief for heritage buildings in private ownership – carryover from previous LTP Working Group.	This item has already been considered, with WG minute being, "That the LTP Working Group thanked management for the work undertaken in drafting the Heritage Buildings in Private Ownership Rates Remission Policy but resolved not to proceed until after the completion of the Heritage Strategy."	Finance	0	No Further action until the completion of the Heritage Strategy
3	How the maintenance of the Picton Foreshore will be undertaken – requested by Councillor Taylor.	Possibly this item has been completed. The following is a media extract based on the minutes of Council's 13 June 2022 meeting, "A \$100,000 proposal to lift Picton Foreshore and Shelly Beach maintenance to premier park status was supported by Councillors but the expenditure withdrawn until landscape design is completed and costed. The landscape work will be carried out by Council's Gardening Team, which designs and maintains Council's premier parks at Seymour Square and Pollard Park."	P&OS	0	No further action
4	Explaining Council's Rating System.	Finance – On this Agenda - Martin	Finance	0	No further action
5	In-house resourcing or outsourced contracts	Raised by Chair. This item was considered for a number of Council Activities as part of the recent S17A review. The challenge with outsourcing in a relatively small district like Marlborough for many of Council's regulatory activities is maintaining sufficient independence.		0	No further action
6	Endeavour Park future Developments	Raised by Chair following Annual Plan hearings. While this item could be considered as part of the LTP, it is best to allocate to the Assets and Services Committee, under the leadership of Jamie Lyall.	P&OS	0	No further action by LTPWG
7	Halls Study on the maintenance requirements, improvements, rationalisation and funding	Annual Plan hearing decision. While this item could be considered as part of the LTP, it is best to allocate to the Assets and Services Committee, under the leadership of Jamie Lyall.	P&OS	0	No further action by LTPWG
8	The definition of properties paying the Kenepuru and French Pass Road rates.	It is proposed to remit the balance of the Kenepuru Road Rate – Approved by Council on 12 June 2023.	Finance	0	No further action
13	The process for Levels of Service Reviews.	Finance – Martin	Finance	0	Process in place. First review has already taken place - Roading
9	Related to the above is understanding more fully the financial impacts of losing the Three Waters if current policy settings remain including Stranded Overheads.	Finance - Martin	Finance	1	
10	Council's Debt Cap – Is it better to have a fixed amount as has been the case to date or would a percentage of a revenue base be more appropriate?	Finance – Martin	Finance	1	

Items for Review	Progress to Date/Responsibility	Department	When	Comment	
11	Council's Rates Cap – Currently LGCI + 3%. In the 2021-31 LTP the percentage was increased to allow for the impact of increased Government requirements	Finance – Martin	Finance	1	
12	The possibility of establishing a Central Government Rate – as has been done in Hamilton CC. This will need to be linked to the wording of the Rates Cap.	Finance	Finance	1	Hamilton City Council advised as follows, "The Govt Rates calc that we used back in 2018 – was made up of 2 parts. One was for additional compliance costs in the Waters activity and the other part was for the cost of our District Plan. The business calculated out what these cost were, and then we just used our rule of thumb to determine what the additional rate would be to cover it. In Hamilton's rating system, their General Rates only have differentials for Commercial (34.25%), Residential (57.2%), BID Commercial and Other. The same differentials apply for the Government Rate. Because of the complex Activity weighting and rating area system used in Marlborough, adding another layer of complexity is not considered justified. Plus the cost of additional Government requirements is already in the Rates Cap and obtaining audit clearance will be challenging. As a result, it is proposed that no further work be undertaken on this item.
14	Review the assumptions upon which the LTP will be prepared, eg the assumed financial Assistance Rate from Waka Kotahi.	Finance – Martin	Finance	2	One of the Key assumptions, i.e. the transfer of 3 Waters and repayment of associated debt won't be know until after the election - deferred
16	Review of rates weightings for the funding of Tourism Activities, along with reviewing the total funding for DM.	Dean/Neil	Finance and Econ Dev	3	With the changes at DM and the reviews being undertaken for the future delivery of this service, it is recommended that no further action be taken on this item.
17	Review the funding and breadth of activity for animal control, including the 80:20 apportionment between Dog Fees and Rates for Dog Control Funding	Raised by Clr Arbuckle following a meeting of the Animal Control Sub-Committee on 20 April 2023	Finance & Reg	2	This item will now be presented to the 2 November 2023 meeting.
18	Council's interest rate assumption	This has already been considered for 2023-24 with and increase to 5% but needs to be reconsidered for the LTP. - Chris	Finance	3	On this Agenda

Items for Review	Progress to Date/Responsibility	Department	When	Comment	
19	The definition of properties in General Rural Geographic Rating Area and whether or not they should be classified Sounds Administration Geographic Rating Area.	Finance	4		
20	Review the appropriateness of the Geographic Rating Areas. <b>See item 19 as well</b>	Finance	3	On this Agenda	
21	Capital Budgets - CBD	Raised by Chair	A&S	3	The Chairman is an apology for the meeting. It is suggested that this item be deferred until he is present. In the interim please see the Capital Budgets for both the Blenheim and Picton CBDs as Attachment 2
22	Review the application of Annual CPI adjustments to Grants	Annual Plan hearing decision	Finance and Community	3	On Agenda
23	Community Grants - review what organisations get ongoing support and what is contestable?	Raised by Cllr Croad and as part of Annual Plan deliberations	Finance and Community	3	On Agenda
24	Investigate the possible streamlining of Activity Groups and Activities.	Finance – Tessa	Finance	3	Focus has been on the preparation of the Annual Report - Defer
25	Council's Revenue and Financing Policy including Land Value versus Capital Value Rating.	Council has already decided that it will retain Land Value Rating, except for those activities that are already capital value rated, e.g Wairau River Rate	Finance	4	
26	Council's Financial and Infrastructure Strategies.	Financial Strategy - Finance	Finance	4	
27	Council's policy on Waste Charges versus Rating – requested by Councillor, (now Mayor) Taylor.	Finance and Solid Waste	Finance + A&S	0	Agreed at 29 June meeting that this item should be removed
28	Prepare an Iwi Engagement Strategy;	Kaihautū – Hara Adams	TBA	4	Actual delivery will depend on our ability to recruit a new Kaihautū
29	Be briefed on the Rating implication of the 2023 Triennial Revaluation.	Finance – Martin/Rainbow	Finance	4	The impact of the 2023 Revaluation was presented at the 2 October Councillor briefing. Do Councillors any further briefing on this topic?
30	Review whether Council should have a continuing role in Energy Efficiency/Clean Heating loans, bearing in mind the issues surrounding compliance and that there are new private sector providers.	Finance – Chris/Linda	Finance	5	Government has recently announced that it will provide exemptions for voluntary targeted rate scheme loans (these low-cost loans are usually for sustainable home improvements like insulation) administered by local and regional councils. The Minister expects regulations to give effect to this exemption to be made by the end of the year. Initial indications are that the other major political party also supports this initiative.
31	Council's Financial and Infrastructure Strategies.	The Infrastructure Strategy - Assets and Services and the Assets and Services Committee, noting that the two Strategies need to align as the Infrastructure Strategy can't be delivered without funding. Currently legislation doesn't require an Infrastructure Strategy to be prepared for 3 Waters assets, but with the delay in starting this situation is likely to change. As a result Assets and Services need a contingency plan is needed should there be a change in Government.	A&S	5	
32	Wairau River Rating Review.	Finance – John Patterson/Andy	A&S + Finance	5	
33	Marlborough Heritage Strategy and its funding	Dean Heiford	Community	5	

Items for Review	Progress to Date/Responsibility	Department	When	Comment	
34	Council's engagement with the Community as part of preparing the 2024-34 LTP including pre-engagement and consultation. Related to this is a possible review of Community Outcomes.	Communications	Comms	6	Following discussion at the LTPWG meeting it was decided not to pursue pre-consultation, because of the time and level of resource required as already experienced with Sounds Roothing and expectations that it creates when we are already facing a very significant rates increase in 2023-24. The next major Comms focus will be the Consultation Document.
35	Council's Debt and Treasury Management Policies.	Previously this has been addressed by the Audit and Risk Sub-Committee following advice from Finance and Bancorp. <b>NB</b> , the funding of IREX debt will need its own policy to match the pricing reset dates contained in the agreement with Kiwi Rail – Bancorp/Adrian/Martin.	Finance	6	
36	How Council wants to further advance senior/social housing?	While this item could be considered as part of the LTP, it is best to allocate to the Senior Housing Sub-Committee, serviced by Jamie Lyall.	Senior Housing	6	
37	Review of storm damaged roads levels of service funding options for Kenepuru, Awatere Valley Road, Northbank and Waihopai.	Extensive studies already underway to identify options, costs, willingness to pay etc which will ultimately lead to increased debt and rates.	CEO	6	This is a separate workstream

## 2. LTP Working Group Items and Timings

(Report prepared by Martin Fletcher)

D050-001-L24

### Purpose of Report

1. To document proposed LTP Working Group Items, their timing and progress to date.

### RECOMMENDATION

That the LTP Working Group note the updates and progress made to date on the items contained in Attachment 1.

### Background

2. The attached list of items for consideration by the LTP Working Group has been developed and agreed over recent meetings, following input from Councillors. Those items highlighted in "green" are considered complete.
3. Below is a schedule of LTP Working Group's meeting dates. The numbers in the below table match the numbers in the fifth column of the attached schedule. This way Councillors can identify topics and timings that they have a particular wish to attend.

	Date	Time	Venue
1.	8 September	9.00 – 11.00 AM	Committee Room
2.	21 September	To follow Council Meeting	Council Chambers
3.	17 October	1.00 – 3.00 PM	Council Chambers
4.	2 November	To follow Council Meeting	Council Chambers
5.	28 November	1.00 – 3.00 PM	Council Chambers

### Attachments

Attachment 1 – Items for Review

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Attachment 1

Items for Review	Progress to Date/Responsibility	Depart	When	Comment	
1	Funding of depreciation of Community Facilities to fund their replacement.	This item has already been considered, with the decision being that while funding depreciation may be the better option in the long term, that in the interim replacements would be funded by a mix of debt and "Land Sub" funding, depending on the level of growth that's driving the need for a particular project.	Finance	0	No further action
2	Council's policy on providing rates relief for heritage buildings in private ownership – carryover from previous LTP Working Group.	This item has already been considered, with WG minute being, <i>"That the LTP Working Group thanked management for the work undertaken in drafting the Heritage Buildings in Private Ownership Rates Remission Policy but resolved not to proceed until after the completion of the Heritage Strategy."</i>	Finance	0	No Further action until the completion of the Heritage Strategy
3	How the maintenance of the Picton Foreshore will be undertaken – requested by Councillor Taylor.	Possibly this item has been completed. The following is a media extract based on the minutes of Council's 13 June 2022 meeting, <i>"A \$100,000 proposal to lift Picton Foreshore and Shelly Beach maintenance to premier park status was supported by Councillors but the expenditure withdrawn until landscape design is completed and costed. The landscape work will be carried out by Council's Gardening Team, which designs and maintains Council's premier parks at Seymour Square and Pollard Park."</i>	P&OS	0	No further action
4	Explaining Council's Rating System.	Finance – On this Agenda - Martin	Finance	0	No further action
5	In-house resourcing or outsourced contracts	Raised by Chair. This item was considered for a number of Council Activities as part of the recent S17A review. The challenge with outsourcing in a relatively small district like Marlborough for many of Council's regulatory activities is maintaining sufficient independence.		0	No further action
6	Endeavour Park future Developments	Raised by Chair following Annual Plan hearings. While this item could be considered as part of the LTP, it is best to allocate to the Assets and Services Committee, under the leadership of Jamie Lyall.	P&OS	0	No further action by LTPWG
7	Halls Study on the maintenance requirements, improvements,	Annual Plan hearing decision. While this item could be considered as part of the LTP, it is best to allocate to the Assets and Services	P&OS	0	No further action by LTPWG

Items for Review	Progress to Date/Responsibility	Depart	When	Comment	
	rationalisation and funding	Committee, under the leadership of Jamie Lyall.			
8	The definition of properties paying the Kenepuru and French Pass Road rates.	It is proposed to remit the balance of the Kenepuru Road Rate – Approved by Council on 12 June 2023.	Finance	0	No further action
13	The process for Levels of Service Reviews.	Finance – Martin	Finance	0	Process in place. First review has already taken place - Roading
9	Related to the above is understanding more fully the financial impacts of losing the Three Waters if current policy settings remain including Stranded Overheads.	Finance - Martin	Finance	1	
10	Council's Debt Cap – Is it better to have a fixed amount as has been the case to date or would a percentage of a revenue base be more appropriate?	Finance – Martin	Finance	1	



Items for Review	Progress to Date/Responsibility	Depart	When	Comment	
11	Council's Rates Cap – Currently LGCI + 3%. In the 2021-31 LTP the percentage was increased to allow for the impact of increased Government requirements	Finance – Martin	Finance	1	
12	The possibility of establishing a Central Government Rate – as has been done in Hamilton CC. This will need to be linked to the wording of the Rates Cap.	Finance	Finance	1	Hamilton City Council advised as follows, "The Govt Rates calc that we used back in 2018 – was made up of 2 parts. One was for additional compliance costs in the Waters activity and the other part was for the cost of our District Plan. The business calculated out what these costs were, and then we just used our rule of thumb to determine what the additional rate would be to cover it. In Hamilton's rating system, their General Rates only have differentials for Commercial (34.25%), Residential (57.2%), BID Commercial and Other. The same differentials apply for the Government

Items for Review	Progress to Date/Responsibility	Depart	When	Comment	
				Rate. Because of the complex Activity weighting and rating area system system used in Marlborough, adding another layer of complexity is not considered justified. Plus the cost of additional Government requirements is already in the Rates Cap and obtaining audit clearance will be challenging. As a result, it is proposed that no further work be undertaken on this item.	
14	Review the assumptions upon which the LTP will be prepared, eg the assumed financial Assistance Rate from Waka Kotahi.	Finance – Martin	Finance	2	On Agenda
16	Review of rates weightings for the funding of Tourism Activities, along with reviewing the total funding for DM.	Dean/Neil	Finance and Econ Dev	3	With the changes at DM and the reviews being undertaken for the future delivery of this service, it is recommended that no further action be taken on this item.
17	Review the funding and breadth of activity for animal control, including the 80:20 apportionment between Dog Fees and Rates for Dog Control Funding	Raised by Cllr Arbuckle following a meeting of the Animal Control Sub-Committee on 20 April 2023	Finance & Reg	2	On this Agenda
18	Council's interest rate assumption	This has already been considered for 2023-24 with and increase to 5% but needs to be reconsidered for the LTP. - Chris	Finance	3	Agreed to recommend 5.5%

Items for Review	Progress to Date/Responsibility	Depart	When	Comment	
19	The definition of properties in General Rural Geographic Rating Area and whether or not they should be classified Sounds Administration Geographic Rating Area.	Finance	4	Based on the decision and recommendation made in item 20, no further work is proposed.	
20	Review the appropriateness of the Geographic Rating Areas. <b>See item 19 as well</b>	Finance	3	Agreed to recommend the continuance of the current Geographic Rating Areas and boundaries, largely to avoid any confusion regarding consultation of the Sounds Future Access Study	
21	Capital Budgets - CBD	A&S	3	CBD Capital Budgets were presented to the meeting for information.	
22	Review the application of Annual CPI adjustments to Grants	Finance and Community	3	Recommended that Council freeze CPI adjustments for a period of three years.	
23	Community Grants - review what organisations get ongoing support and what is contestable?	Finance and Community	3	Further paper to be prepared on the development of criteria Annual and Community Grants per minutes of 17 October Meeting.	
24	Investigate the possible streamlining of Activity Groups and Activities.	Finance – Tessa	3	On Agenda	
25	Council's Revenue and Financing Policy including Land Value versus Capital Value Rating.	Finance	4	On Agenda	
26	Council's Financial and Infrastructure Strategies.	Finance Strategy - Finance	4	On Agenda	
27	Council's policy on Waste Charges versus Rating – requested by	Finance and Solid Waste	Finance + A&S	0	Agreed at 29 June meeting that this item should be removed

Items for Review	Progress to Date/Responsibility	Depart	When	Comment	
	Councillor, (now Mayor) Taylor.				
28	Prepare an Iwi Engagement Strategy;	Kaihautū – Hara Adams	TBA	4	Actual delivery will depend on our ability to recruit a new Kaihautū
29	Be briefed on the Rating implication of the 2023 Triennial Revaluation.	Finance – Martin/Rainbow	Finance	4	The impact of the 2023 Revaluation was presented at the 2 October Councillor briefing.
30	Review whether Council should have a continuing role in Energy Efficiency/Clean Heating loans, bearing in mind the issues surrounding compliance and that there are new private sector providers.	Finance – Chris/Linda	Finance	5	On Agenda
31	Council's Financial and Infrastructure Strategies.	The Infrastructure Strategy - Assets and Services and the Assets and Services Committee, noting that the two Strategies need to align as the Infrastructure Strategy can't be delivered without funding. Currently legislation doesn't require an Infrastructure Strategy to be prepared for 3 Waters assets, but with the delay in starting this situation is likely to change. As a result Assets and Services need a contingency plan is needed should there be a change in Government.	A&S	5	Infrastructure Strategy is difficult to progress without a government in place and a clear direction established and legislated. It is recommended that consideration of the Infrastructure Strategy be deferred until the first Assets and Services Committee meeting in the new year.
32	Wairau River Rating Review.	Finance – John Patterson/Andy	A&S + Finance	5	Deferred from this LTP to undertake a more fundamental review of LoS and area
33	Marlborough Heritage Strategy and its funding	Dean Heiford	Community	5	Deferred until transition completed.

Items for Review	Progress to Date/Responsibility	Depart	When	Comment	
34	Council's engagement with the Community as part of preparing the 2024-34 LTP including pre-engagement and consultation. Related to this is a possible review of Community Outcomes.	Communications	Comms	6	Following discussion at the LTPWG meeting it was decided not to pursue pre-consultation, because of the time and level of resource required as already experienced with Sounds Rooding and expectations that it creates when we are already facing a very significant rates increase in 2023-24. The next major Comms focus will be the Consultation Document.
35	Council's Debt and Treasury Management Policies.	Previously this has been addressed by the Audit and Risk Sub-Committee following advice from Finance and Bancorp. <b>NB</b> , the funding of IREX debt will need its own policy to match the pricing reset dates contained in the agreement with Kiwi Rail – Bancorp/Adrian/Martin.	Finance	6	Will be considered by Audit and Risk Committee of 21 December 2023
36	How Council wants to further advance senior/social housing?	While this item could be considered as part of the LTP, it is best to allocate to the Senior Housing Sub-Committee, serviced by Jamie Lyall.	Senior Housing	6	
37	Review of storm damaged roads levels of service funding options for Kenepuru, Awatere Valley Road, Northbank and Waihopai.	Extensive studies already underway to identify options, costs, willingness to pay etc which will ultimately lead to increased debt and rates.	CEO	6	This is a separate workstream

### 3. Dog Control Funding

(Report prepared by Gina Ferguson)

E305-000-001

#### Purpose of Report

1. To consider the funding options of Dog Control/Animal Control functions undertaken by Marlborough District Council.

#### RECOMMENDATIONS

That the LTP Working Group recommend to Council that it:

1. Retain the user pays to rates funding ratio of 80% for Dog Control functions, or
2. Change the user pays to rates funding ratio to 90% for Dog Control functions.

#### Background/Context

2. In 2013, Council decided to fund 20% of Animal Control functions from general rates, commencing in the 2015/2016 financial year. This was in recognition of a public good element of the functions delivered.
3. A proportion of public benefit was identified for the following activities:
  - a) Maintaining of records
  - b) Website information
  - c) Bylaw and Dog Control Policy
  - d) Education
  - e) Patrols
  - f) Provision of pound services
  - g) Incident response and investigation
4. In Feb 2015 Annual Budget decision to amend Revenue and Finance Policy to 20% funding from general rates for Animal Control.
5. Under the Dog Control Act 1996 revenue can only be spent on Dog Control functions. The Dog Control budget is therefore operated as a separate budget to other Animal Control functions.

*Dog Control Act 1996 s9 Revenue.*

*All money received and retained by a territorial authority under this Act shall be expended only for purposes authorised by or under this Act.*

#### Assessment/Analysis

6. The existing Dog Control budget has a 20% general rate funded proportion.

Dog Control Group (existing rates funding 20%)	2023-2024
Budgeted Expenditure (Total)	\$764,315.00
Budgeted Revenue (Total)	\$764,315.00
Rates	\$158,115.00
User Charges	\$606,200.00

7. A reduction in rate funding to 10%, would have a rate impact reduction of ~ \$76,500.00. This would require an increase in dog registration fees to recover the revenue shortfall.

<b>Dog Control Group (reduced rate funding to 10%)</b>	<b>2023-2024</b>
Budgeted Expenditure (Total)	\$764,315.00
Budgeted Revenue (Total)	\$764,315.00
Rates	\$76,431.50
User Charges	\$687,883.50

8. Current Dog Control registration fees are:

<b>Dog Control Fees (from 1 July 2023 - 30 June 2024)</b>	<b>Charges</b>
Dog registration - Category One	\$62.00
Dog registration - Category Two	\$92.00
Dog registration - Working Dog	\$22.00
Dog registration - Old Dog	\$46.00
Dog registration - 10 +Working Dogs (for each additional dog)	\$11.00
Dog registration - Disability Assist Dogs & Police Dogs	NO Fee
Dog registration - Dangerous Dog	\$138.00

9. This financial year there are approximately 10,000 dogs registered in Marlborough. If the shortfall in revenue is recovered evenly across all dog's registration categories, an increase in registration fees per dog of approximately \$8 would be required.

10. This equates to an increase of ~30% for category one Dog Registration fees.

11. There has been no increase in Dog Control fees for the previous two financial years, this is principally due to the contract price being fixed for this period and expenditure remaining constant.

12. Maataa Waka have a contract to deliver Animal Control Services, this contract expires in 2026 (a 3yr extension can be granted under the existing contract terms).

13. The contractor can propose an increase to the contract price for the 2024-2025 financial year. Any increase in expenditure would require an increase in revenue through dog registration fees and/or rates.

14. Maataa Waka as part of the contract respond to stock on road call outs on behalf of the roading authority. Included in the contract is 120 call outs, any call outs after this are charged per call out.

<b>Other Animals Budget (Stock on Roads)</b>	<b>2023-2024</b>
Budgeted Expenditure (Total)	\$90,499
Budgeted Revenue (Total)	\$90,499
Rates	\$10,499
User Charges	\$80,000

15. Cats and other animal complaints are investigated and responded to by the Compliance team, this function is included as a complaint response level of service. Resourcing of this function is under the Compliance Group budget which has a 60:40 user pays to general rate funding revenue.

16. Cat and other animal complaints numbers are a relatively small number component of total complaints received and investigated by the Compliance Group.

Year	Other Animal Complaints	Cat Complaints
2020	13	3
2021	10	2
2022	9	3
2023	25	12

### Option One (Recommended Option) – Status Quo

17. 20% rates funding of the Dog Control Budget.

#### *Advantages*

18. No increase in Dog Registration fees in response to change in Revenue & Finance Strategy.

19. Recognises the public benefit functions of the activity.

#### *Disadvantages*

20. No reduction in rates burden.

### Option Two – 10% Rates Funding

21. Reduce the Rates Funding revenue to 10% for Dog Control functions.

#### *Advantages*

22. Reduced rates burden.

#### *Disadvantages*

23. Increased costs of Dog Registration fees..

Author	Gina Ferguson Consents & Compliance Group Manager
Authoriser	Mark Wheeler CEO



## 4. Sounds Roads Recovery Zone Principles

(Report prepared by Martin Fletcher)

D050-001-L24

### Purpose of Report

1. To establish the principles for determining which rating zone, if any, a property should be in for funding the Sounds Road Recovery Programme.

### RECOMMENDATION

**That the LTP Working Group recommend to Council that it agree to adopting the principles contained in paragraph 3 for determining which rating zone, if any, a property should be in for funding the Sounds Road Recovery Programme.**

### Background

2. One of the key elements for determining what areas in the District will fund the Sound Road Recovery Programme is to establish which zone, if any, a particular property should be in.
3. To assist in that determination, a draft set of principles has been established. The rationale for these principles is to provide a clear delineation between zones which aligns with areas of a similar potential to benefit as per s101(3)(a) of the Local Government Act 2002. The draft principles are as follows:
  - a. All properties should sit within the zone of the road used to access that property.
  - b. Where practicably possible the boundaries to zones will be based on either a ridge line, river or other relevant geographic feature that provides separation.
  - c. Where a geographic feature cannot be used as a boundary, the location of faults will be used.
  - d. Where practicably possible the boundary of any zone should align with property boundaries. Consistent with this principle, where the legal/surveyed boundary differs from the physical, the legal/surveyed boundary will prevail. *Comment: The exception to this may be non-rateable DOC land where the size of the property may traverse geographic features. Where privately owned properties traverse a geographic feature significantly an apportionment may be made as a last resort.*
  - e. Picton will be excluded until to the beginning of Port Underwood Road.
  - f. Havelock will be excluded until the beginning of the Mahikipawa Hill.
  - g. Sounds Administration Geographic Rating area will be excluded. *Comment: This Geographic Rating Area is excluded because there are no roads in this Area and marine works except for initial investigations are not scheduled to start for many years. A separate rate to cover marine works closer to the time these works are due to commence is possible.*
4. Councillors will be provided a presentation showing the impact on properties from applying the principles in paragraph 3 above and builds on the work performed by Stantec.

Author	Martin Fletcher, Manager Strategic Finance
Authoriser	Geoff Blake, CFO

## 5. Review whether Council should have a continuing role in Energy Efficiency/Clean Heating Loans

(Report prepared by Chris Lake)

F230-L24-06

### Purpose of Report

1. The purpose of this report is to review whether Council should have a continuing role in Energy Efficiency/Clean Heating loans and if so, what that role should be.

### Executive Summary

2. Council set up the Energy efficiency scheme in 2010 to assist ratepayers to take advantage of government subsidy schemes for insulation and clean heating on a rate neutral basis.
3. Loans are for a maximum of \$15,000 and are added to the property's rates for the following 9 years. Interest is charged at the Council interest rate. In 2023/24 it is 5%.
4. Council currently has advanced a total of \$2.8m on 783 loans.
5. Energy Efficiency and Conservation Authority (EECA) have had various schemes to provide grants for insulation. The current scheme is called Warmer Kiwi Homes. In 2022-23 four ratepayers who received loans from the Council also received funding via Warmer Kiwi Homes.
6. The Credit Contracts and Consumer Finance Act (CCCF Act) was amended in April 2021 and a new Part 5A added ("the Amendment"). This came into effect on 1 October 2021. This placed additional burdens on Council following the responsible lending and Fit and Proper Person Certification legislation.
7. Due to complexity and additional requirements of the CCCF Act, process risk exists for Council.
8. There are now other options available to Ratepayers with each of the 5 large banks now providing top up mortgages for energy efficiency upgrades.
9. Last year we provided 86 loans, the largest in dollar value being for solar power.

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### RECOMMENDATION

**That the LTP Working Group recommend to Council that it agree to discontinue the Energy Efficiency Funding Schemes for new loans with effect from 1 April 2024.**

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### Background/Context

10. Council set up the Energy efficiency scheme in 2010 to assist ratepayers to take advantage of government subsidy schemes for insulation and clean heating. Solar water heating was added to the Schemes in 2012. In September 2013 the Government ceased their grants while Council continued the schemes.
11. The scheme has proved popular requiring the borrowing cap to be increased in 2015 from \$0.5m to \$1.0M per annum. It was agreed to investigate the establishment of a Solar Electricity scheme. In 2019 the Solar power scheme was launched. In 2020 the borrowing cap was increased from \$1M to \$2M per annum.
12. Loans are generally for a maximum of \$15,000 (with amounts above that only be approved where there is a high debt servicing capacity) and are added to the properties rates for the following 9 years. Interest is charged at the Council interest rate. In 2023/24 it is 5%.
13. Currently we have total loans of:

Date Loan Started	Insulation	Clean Heating	Solar Water	Solar Power	Total	Number of Loans
1/07/2015	2,432	129	18,810		21,372	54
1/07/2016	6,468		23,117		29,585	29
1/07/2017	13,084	25,694	74,123		112,901	68
1/07/2018	31,386	146,614	60,881		238,881	124
1/07/2019	30,137	191,292	34,282	84,648	340,360	124
1/07/2020	34,150	188,387	3,479	188,925	414,941	110
1/07/2021	19,118	200,875	13,722	196,010	429,724	91
1/07/2022	20,000	211,908	3,932	369,185	605,025	97
1/07/2023	5,708	246,442		369,907	622,058	86
	<b>162,484</b>	<b>1,211,342</b>	<b>232,346</b>	<b>1,208,675</b>	<b>2,814,847</b>	
Number of Loans	429	109	121	124	783	

14. Ratepayers can repay the total amount owing on their loan at any time. At the time of sale they must notify the new owner of this loan and nearly all of the loans get repaid at this time. If they are not repaid, they transfer to the new owner. 55% of the 2015 and 2016 loans have been repaid.
15. Council originally used a spreadsheet to calculate the loans. In 2019 the Council commissioned Ackama to produce an app so that the loans and calculations can be held in this system.
16. In 2020 Council became aware that we were not reporting the loan balances to the ratepayers with loans as required by the CCCF Act. To rectify this Council added reporting for the Initial statements and Yearly statements to the Ackama app.
17. The CCCF Act was amended in April 2021 and a new Part 5A added (“the Amendment”). This amendment treated not for profit Councils in the same way as Banks and third tier lenders.
18. The Council Energy Efficiency schemes were considered a benefit to our ratepayers, so they were continued after the CCCF Act changes were enforced. Local Government, as a sector, attempted to gain exemption (as permitted by the Act) from the requirements, and in part were successful in gaining the Minister’s agreement just before the election. Unfortunately, the necessary procedural steps were not completed in time for the exemption to take effect.
19. A number of banks provide top up mortgage for energy efficiency upgrades.
20. EECA provide grants for eligible homes. Council provides \$30k pa to Warmer Healthier Homes Te Tau Ihu Charitable Trust to top up the loans of some Marlborough ratepayers.

## Review

### *Credit Contracts and Consumer Finance Act*

21. The CCCF Act was amended in April 2021 and a new Part 5A added (“the Amendment”). This came into effect on 1 October 2021. This amendment was aimed at banks and third tier lenders with the aim of preventing people from getting into too much debt. There was however an unintended consequence in that Councils offering clean heating loans were also captured.
22. This Act, and associated Code, introduces significant complexity to the assessment of individual “borrower” applications including evidencing of existing expenses profile.
23. In third party lending organisations these assessments are typically carried out by experienced finance professionals using robust systems and is a core part of the organisations normal business.
24. See Figure 1 for a depiction of required actions under the Responsible Lending Code.

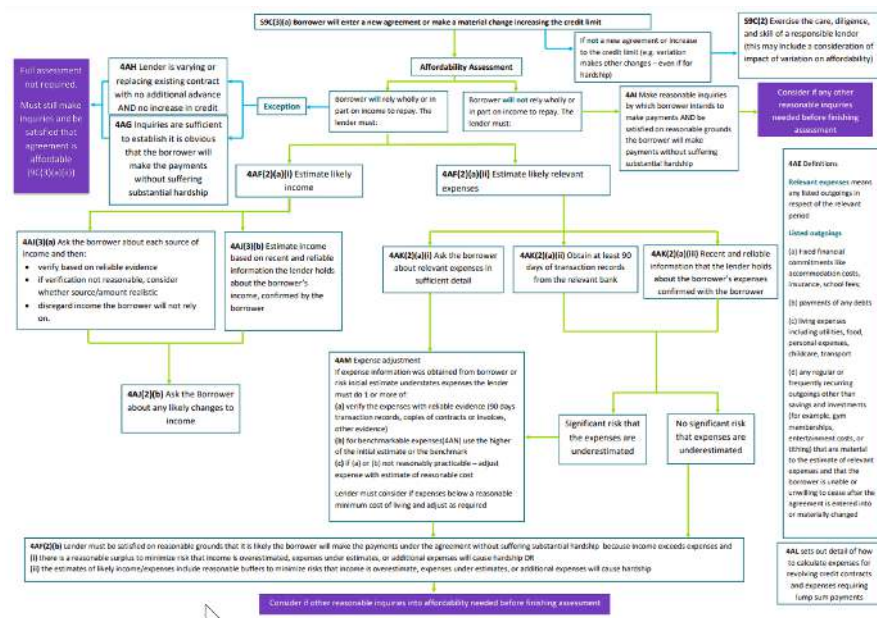


Figure 1: Flowchart of Responsible Lending actions – source *Responsible Lending Code July 2022*

**Responsible Lending**

25. For each loan application Council is required to meet the responsible lending criteria of the CCCF Act. Prior to the amendment Council looked at the payment history for the ratepayer applying for the loan. Now information regarding income and expenditure is required to be received and accessed for each application. Council is simply not resourced enough and have the systems and processes in place to meet all the obligations, putting Council at risk of non-compliance.

**Responsible Lending Code**

26. The Act introduces a Responsible Lending Code which elaborates on the lender responsibility principles and offers guidance on how those principles may be implemented by lenders.  
 27. This Code is not binding.

**Fit and Proper Person Certification**

- 28. From the date of the amendment, all directors and senior managers of lenders providing consumer credit contracts or acting as mobile traders must be certified as a 'fit and proper person'.
- 29. The Amendment requires that local authorities are required to secure certification for any person in a governance role equivalent to a director in a limited liability company and any senior manager. That would include the elected council leader (Mayor), other elected members, the Chief Executive and their direct reports (28 people at \$1,055 per person).
- 30. The Commerce Commission rejected Council's application to only have the Mayor and its CFO certified and cancelled the Council's registration as a Financial Services Provider.
- 31. The Commerce Commission advised that, for Council's application to be assessed further, "applications must be submitted from additional persons occupying roles within the Council that are equivalent to a "director", or that are senior management roles."
- 32. At the Council meeting of 24 February 2022, a paper by Martin Fletcher and Robert Foitzik was presented regarding the Fit and Proper Certification under CCCF Act. Council approved "That Council approves that the Mayor and all Councillors, potentially all members of the Executive Leadership Group and one senior financial services account manager apply for certification as a 'fit and proper'

person to the Commerce Commission". This process was started, and police checks completed for all Councillors.

- 33. On the 22<sup>nd</sup> April 2022 we received notification that our application was on hold, as MBIE was looking at the consideration of a potential exemption for Councils.
- 34. Various communications have been received with the last one (31 August 2023) requesting us to set up all Councilor's and Managers. This also stated that if we received an exemption, we still need to keep our details of Directors and senior managers up to date. Confirmation of the process has been requested from the Commerce commission on 13 November, but not yet received.

**Private Sector Providers**

- 35. The websites of a number of five major banks have been reviewed to identify energy efficiency loans. The following banks all have top up mortgages for energy efficient or warmer homes. A summary of the products provider are:

Bank	Insulation	Clean heating	Solar power	Deal
ANZ	Yes	Yes	Yes	1% for 3 years
ASB	Possible	Possible	possible	1% for 3 years
BNZ	Yes	Yes	Yes	1% for 3 years
Kiwibank			Yes	Contribute towards
Westpac	Yes	Yes	Yes	0% for 5 years

**EECA - Warmer Kiwi Homes**

- 36. EECA have had various schemes to provide grants for insulation. The current scheme is called Warmer Kiwi Homes which provides grants that cover 80-90% of the cost of approved insulation and up to 80% of the cost of approved heaters. If ratepayers own and live in a house built before 2008 and live in a lower-income area or have a Community Services Card, they may be eligible for insulation, heating, or both.
- 37. This scheme allows the ratepayer to decrease the amount required to be borrowed. When the MDC scheme started the MDC loans were for a top up the EECA grants of the day. Of the ratepayers that took up MDC loans in the financial year 2022-23, only 4 received an EECA grant.
- 38. In June 2021 a submission was made to the Annual plan by Warmer Healthier Homes Te Tau Ihu Charitable Trust. They will top up the grants of Marlborough ratepayers who receive a warmer kiwi homes grant for Insulation. The funding was agreed for 3 years from the Forestry and Land Reserve. Prior to that date Council had been providing funds for this trust. Further funding would need to be rate funded.

**Options**

**Option 1 – Continue with the loan Scheme (Status quo)**

- 39. We continue to provide a service to our ratepayers for energy efficient homes.
- 40. Council staff believe they are following the CCCF Act. As current loans will continue to be provided then there is a greater possibility that Council is incorrectly following the CCCF Act.
- 41. This will require a significant increase in the administration fee to cover the increased costs of compliance.

**Option 2 – Cease the scheme – (Preferred option)**

- 42. As current loans will no longer be provided, there is less possibility that Council is incorrectly following the CCCF Act.
- 43. The Scheme was originally setup to provide top-ups for ratepayers who received EECA grants. This is no longer the case.

44. If the scheme is ceased for new loans, we will still be required to keep the current loans, which will not disappear off our books until 30 June 2033. We will still be required to keep our details of Councilors and senior managers up to date.
45. If the scheme is stopped, there are a number of schemes available with the banks that the ratepayers can apply to for the energy efficient products at lower interest rates. Banks are also better geared to provide loans and ensure the responsible leading guidelines are met. This option will leave the responsibility to them.

## 6. Possible Streamlining of Groups of Activities

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(Report prepared by Tessa Dever)

### Purpose of Report

1. The purpose of this report is to review Council's current activity groups with the aim to consolidate these where possible and create a new activity group to comply with the LGA.

### Executive Summary

2. The long-term plan requires the addition of a new group of activities ideally called "corporate."
  3. We have an opportunity to review the current level of disclosure and reduce the length of the document through removal of disclosure over and above the requirements of the LGA for activities within a group of activities.
- 

### RECOMMENDATIONS

That the LTP Working Group:

1. **Recommends to Council that it agree to consolidate the disclosures for the activities within People, Environmental Management and Regulatory to be only at the groups of activities level unless required under the LGA to be at the activity level**
  2. **Recommends to Council that it agrees to create a new group of activities called "Corporate" and the overhead and non-activity areas of Council be included.**
- 

### Background/Context

4. The Local Government Act requires Council to identify Groups of Activities in its Long-Term Plan.
5. For each Group of Activities, the long-term plan must:
  - a) Identify the activities within the group of activities
  - b) Identify the rationale for the delivery of the group of activities (eg. community outcomes)
  - c) Outline any significant negative effects any activity within the group of activities may have on the social, economic, environmental or cultural well-being of the local community.
6. A Council must consider water supply, sewerage and the treatment and disposal of sewerage, stormwater drainage, flood protection and control works and the provision of roads and footpaths as separate groups of activities.
7. A Council can then treat any other activities as a group of activities.
8. There are various other reporting requirements in the Long-Term Plan, Annual Plan and Annual Reports of Council which require disclosure by group of activity (such as service performance information and funding impact statements.)
9. Currently Council has 11 groups of activities.

<b>Groups of Activities</b>
People
Community Facilities
The Provision of Roads and Footpaths
Flood Protection and Control works
Sewerage including treatment and disposal
Stormwater drainage
Water supply
Solid waste management
Environmental management
Regulatory
Regional development

10. Underneath these 11 groups of activities there are 6 activities identified under the People, 4 under Environmental Management and 5 under the Regulatory groups of activities.

<b>Activities within groups of activities</b>
<b>People</b>
<i>Democratic Process</i>
<i>Culture and Heritage</i>
<i>Housing for Seniors</i>
<i>Community Support</i>
<i>Library Services</i>
<i>Emergency Management</i>
<b>Environmental management</b>
<i>Environmental Policy</i>
<i>Environmental Science and Monitoring</i>
<i>Resource Consents</i>
<i>Environmental Protection</i>
<b>Regulatory</b>
<i>Biosecurity</i>
<i>Building Control</i>
<i>Environmental Health</i>
<i>Animal Control</i>
<i>Harbours</i>

11. Currently Councils Long Term Plan contains disclosures which are only required under the LGA for a group of activity at the activity level.
12. This results in subsequent Annual Plans and Annual Reports needing to include the additional information as these documents require you to report against your audited long-term plan.
13. We have also received advice from our Auditor Julian Tan that the activities Council currently consider "non activity" and overheads will need to be included within a Group of Activities in the 2023-34 Long-Term Plan.

### **Assessment/Analysis**

14. Council has received a management report comment from the Auditors in 2021-22 regarding our Groups of Activities and the information they contain. The requirement for the 2023-34 Long-term plan is to include all expenditure from Council in a group of activities and therefore Funding Impact Statement.



15. The resolution for this is simple, to create a new group of activities "corporate" and include all of the required information for this in our 2023-24 Long Term Plan.
16. We will need to assess the expenditure which we consider "non-activity" currently and make a decision as to whether it should sit in the new group of activities or if it could be included within an existing group of activities. This includes areas such as property, overheads, external financing.
17. When deciding to add a new group we also took the opportunity to review the total number of groups of activities and the treatment of activities under them in our Long-Term Plan to that of some other Councils.

	Service performance information	Funding impact statements	
<b>Groups of activities</b>			
Nelson City Council	11	11	11
Tasman District Council	13	13	13
Gisborne District Council	10	18	10
Auckland Council	8	*22	8
Invercargill City Council	6	16	6
Grey District Council	9	**9	9
Central Otago District Council	11	11	11
Kaikoura District Council	10	32	10
Marlborough District Council	11	23	26

\*Possibly a couple less, it looks like most activities have a section but hard to read!

\*\*Clearly identifies which activity the service performance relates to within a group disclosure

18. Based on the review we found that;
  - 26 different funding impact statements is far in excess of others.
  - 23 different sets of service performance information is in excess of most others but not a unique way of doing things.
19. The way councils deal with activities within a group varies with some having disclosed more than the LGA requirements in areas other than the funding impact statements.
20. The 2021-31 long-term plan document is 430 pages long and it is likely that not many people actually read it.
21. The Assistant Auditor General – Local Government has also said that in general local authorities have too many service performance measures. In streamlining our document to the group of activities level this will give us a good opportunity to have a reset of our measures to ensure they are meaningful and fit for purpose.
22. If we consider performance measures only at the group of activities level we can better focus and possibly reduce the number of performance measures included. This should then make the process of collating, reporting and reviewing the non-financial performance of the groups of activities easier.
23. It is noted that the finance system will still be able to produce reports at the activity level if required.

**Option One (Recommended Option) – Consolidation of activity disclosures into group of activities and addition of new group of activities "Corporate"**

24. Consolidate the disclosures for the activities within People, Environmental Management and Regulatory to be only at the groups of activities level unless required under the LGA to be at the activity level.
25. Create a new group of activities called "Corporate" which will include 'overheads' and 'non-activity' revenue and expenditure.

### *Advantages*

26. A shorter document focussing on the big picture.
27. After initial set up the time taken to prepare the information required in LTPs, Annual Plans and Annual reports should reduce.

### *Disadvantages*

28. Less disclosure.
29. Initial set up time is required to consolidate the current disclosure to the group of activities level.

### **Option Two – Status Quo + addition of new group of activities “Corporate”**

30. Retain the current level of disclosure for the 11 groups of activities and 15 activities.
31. Create a new group of activities called “Corporate” which will include ‘overheads’ and ‘non-activity’ revenue and expenditure.

### *Advantages*

32. Retain the current level of disclosure over and above the requirements of the LGA for People, Environmental Management and Regulatory.
33. With the addition of the new group of activities “corporate” satisfy the auditors request.

### *Disadvantages*

34. Additional time spent to prepare information at each LTP, Annual Plan and Annual Report.
35. Long document which not many people may read.

### **Option Three – Status Quo**

#### *Advantages*

36. Retain the current level of disclosure over and above the requirements of the LGA for People, Environmental Management and Regulatory.

#### *Disadvantages*

37. Additional time spent to prepare information at each LTP, Annual Plan and Annual Report.
38. Haven’t resolved auditors request for the inclusion of “non-activity” and “overhead” expenditure in a group of activities.

### **Option Four – Removal of funding impact statements for activities + addition of new group of activities “Corporate”**

#### *Advantages*

39. With the addition of the new group of activities “corporate” satisfy the auditors request.
40. Retain the current level of disclosure over and above the requirements of the LGA for People, Environmental Management and Regulatory with the exception of the funding impact statement.
41. Easy to do. Involves deleting some tables.

#### *Disadvantages*

42. Doesn’t result in the same streamlining of the long-term plan.

### **Next steps**

43. We will confirm the structure with the non-activity expenditure to be reviewed to see if any areas can be added to the existing groups of activities rather than corporate.

44. Engage with Department Managers to secure their buy in to this proposal and develop new disclosures at the group of activities level.

Author	Tessa Dever, Financial Reporting and Funding Manager
Authoriser	Geoff Blake, Chief Financial Officer

## 7. Draft Assumptions for the Preparation of the Long Term Plan

(Report prepared by Martin Fletcher)

D050-001-L24

### Purpose of Report

1. To provide a draft of the assumptions made in the preparation of the 2024-34 Long Term Plan Revenue and Financing Policy.

### RECOMMENDATION

That the LTP Working Group note the proposed changes in Assumptions to date.

### Background

2. Council is legally required to document its significant forecasting assumptions by Clause 17, Schedule 10 of the Local Government Act 2002 as part of preparing its Long Term Plan (LTP).
3. Many of the assumptions are the same as that made in the 2021-31 LTP. Changes have been identified in "track Change" format and areas that need to be updated are highlighted in "yellow". Obviously, the biggest area to be finalised is Legislation as we don't have a government or a documented Coalition Agreement that clearly identifies the legislative direction the government wishes to take.
4. The other significant relates to COVID-19, where it identifies that while the disease is still very serious, the risks attaching to it have been significantly reduced due to the mitigation measures that are already in place.
5. A marked up copy of the Draft Assumptions document is attached.

Author	Martin Fletcher, Manager Strategic Finance
Authoriser	Geoff Blake, CFO

# DRAFT

## Assumptions, Disclosure and Compliance

### Assumptions

With any financial forecasting, several assumptions must be made. The following assumptions have been made in the preparation of this document. Also presented for each assumption is the “Level of uncertainty”, “Risk” and “Financial impact” for each.

### Legislative

**Assumption – Will need further work following the formation of a Government**

Local Government could be significantly affected by changes in legislation as a result of the new National Party led Government being elected in October 2023. As a result, it is likely that changes in direction will occur, especially in the areas of the environment and RMA reform and the delivery of the Three Waters. However, there are high levels of uncertainty on the exact path government will take and the implementation requirements and impacts on Council. As a result of this uncertainty, the consequential Financial impacts on Council can't be quantified with certainty yet. Therefore it is assumed that legislative and Government Policy changes will not significantly impact upon Council's current responsibilities and activities for the purposes of this LTP as suggested in guidance from Government and the Taituarā (formerly the Society of Local Government Managers - SOLGM), especially in regard to the Three Waters.

### Level of uncertainty

High.

### Risk

It is highly likely that the new Government will want to advance its agenda. As a result of local government having a very broad range of activities it is also very probable the cumulative effect on Council will be significant.

### Financial impact

To date Government's reforms have not reduced legislative obligations, costs or the impact on the ratepayer. It is too early to assess the likely Financial

impact of the Government's expected policy announcements. However, it is expected that there will be specific requirements resulting from National Policy Statements and legislative change, to undo the currently legislated changes for delivering the “three waters” in response to the Havelock North Water Quality Inquiry. However, it should be noted that Council has already moved to address many of the recommendations of the Havelock North Inquiry in its infrastructure planning.

### Infrastructure impact

Upon recommendation from Central Government, whilst changes will occur with the impending Three Waters Reform, we are continuing to do all Long Term Planning as per the status quo.

Civil engineering labour, plant and materials have already been in high demand in New Zealand. Current procurement costs are already high and timing on projects is somewhat dictated by the availability of contractors.

Significant changes in national standards or deadlines for compliance with statutory requirements may accelerate the delivery of specific capital projects accordingly.

### Inflation

#### Assumption

The costs, revenues and asset values reflected in this plan reflect the following “Forecasts of Price Level Change Adjustors to 2034” produced by Business Economic Research Limited (BERL) in October 2023 for the Society of Local Government Managers. Normally only the years relating to the current LTP are included in the table below, in this LTP the previous three years have also been included to high light the recent high inflation.

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Label Year Ending	Planning and Regulation	Roading	Transport	Community Activities	Water and Environmental
<b>% change on year earlier</b>					
June 2020	1.3	1.1	1.2	1.5	2.3
June 2021	2.5	1.0	2.1	1.6	2.8
June 2022	7.3	7.6	7.0	6.5	9.3
June 2023	5.0	4.8	4.9	4.3	5.5
June 2024	3.4	3.8	3.4	3.5	5.0
June 2025	2.6	2.9	2.6	2.7	3.6
June 2026	2.1	2.0	2.1	2.0	2.5
June 2027	2.2	2.3	2.2	2.2	2.7
June 2028	2.1	2.3	2.2	2.2	2.6
June 2029	2.0	2.2	2.1	2.1	2.5
June 2030	1.9	2.1	2.0	2.0	2.3
June 2031	1.9	2.0	2.0	1.9	2.3
June 2032	1.9	2.0	1.9	1.9	2.2
June 2033	1.8	2.0	1.9	1.9	2.1
June 2034	1.8	1.9	1.9	1.8	2.1
20 year average % pa	2.4	2.6	2.4	2.4	3.1

Year ending	OPEX	CAPEX	TOTAL
	annual average % change		
June 2020	1.5	1.6	1.6
June 2021	2.3	2.3	2.3
June 2022	7.6	7.8	7.7
June 2023	4.9	5.0	5.0
June 2024	3.8	4.0	3.9
June 2025	2.9	3.0	2.9
June 2026	2.2	2.2	2.2
June 2027	2.3	2.4	2.3
June 2028	2.3	2.3	2.3
June 2029	2.2	2.2	2.2
June 2030	2.1	2.1	2.1
June 2031	2.0	2.1	2.0
June 2032	2.0	2.0	2.0
June 2033	1.9	2.0	1.9
June 2034	1.9	1.9	1.9
20 year average % pa	2.6	2.7	2.6

*Level of uncertainty*

Medium to high.

*Risk*

There is a risk that the local inflation rates may be higher or lower than the national averages forecast by BERL.

*Financial impact*

If inflation is higher than that predicted by BERL, it will increase the costs of maintaining existing Levels of Service and the cost of capital projects which

**Deleted:** NB: The forecast increases for Capital Expenditure are generally higher than operating cost increases and it is the Capital Expenditure that has historically driven rates increases.†

BERL also consolidates the above adjustors into a consolidated Local Government Cost Index (LGCI) which is further split between operating and capital expenditure.

will place pressure on rates. It will also increase debt and potentially put pressure on Council credit rating, unless capital projects are deferred.

If inflation is lower than predicted by BERL, the opposite to the above will occur.

### Infrastructure impact

Deferral of capital projects which may impact upon the level of service that can be provided.

### Interest rate on Council borrowings

#### Assumption

Council has assumed a long term interest rate on loans of 5.5% for the entire 10 years covered by the Long Term Plan. However, actual, interest rates may vary depending on the term of the debt and prevailing market conditions.

#### Level of uncertainty

Medium.

#### Risk

As a result of continuing, high inflation in New Zealand and internationally and the high interest rates used by Central Banks to bring it under control, the expectation higher interest rates for longer remains.

However, there are signs that Central Banks are "winning" the war on inflation with the signalling further increases reducing in terms of frequency and quantum. Council has adopted a conservative position compared to current market rates to mitigate the risk associated with interest rate movements. Council has also mitigated the impact of interest rate rises with a prudent hedging programme that operates in accordance with its Treasury Policy.

#### Financial impact

Increases in interest rates above 5.5% will result in higher debt servicing costs and rates funding requirements. Council only debt (internal and external) is currently forecast to peak at approximately \$246 million. As a result a 1% increase in interest rates above the 5.5% forecast would result in increased interest costs of \$2.5 million.

### Infrastructure impact

Deferral of capital projects which may impact upon the level of service that can be provided.

### Population growth

#### Assumption

In preparing the Long Term Plan Council has assumed based on actual results that population growth will occur above the 31 March 2021 Statistics New Zealand medium population growth projections. Population growth is further discussed in the Key Issues and Financial and Infrastructure Strategy sections of the Long Term Plan.

#### Level of uncertainty

Low.

#### Risks

If population growth occurs at a slower rate than forecast, then the level of development contributions received will be lower than expected. However, there is the opportunity to mitigate the Financial impact by slowing the Capital Expenditure programme. It is not expected that levels of service will be impacted upon significantly.

#### Financial impact

If population growth occurs at a slower rate than forecast, then the level of development contributions received will be lower than expected. However, there is the opportunity to mitigate the Financial impact by slowing the Capital Expenditure programme. It is not expected that levels of service will be impacted upon significantly.

#### Infrastructure impact

If the population declines, meeting the fixed costs (including operation and maintenance, depreciation, financing and insurance) of the infrastructure could place a significant burden on the remaining residents and businesses.

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## COVID-19

### Assumption

That while disease itself remains serious, it is assumed that through a combination of measures including awareness, vaccination and other preventative measures, COVID-19 will not have a significant on Marlborough.

### Level of uncertainty

Low.

### Risk

In the unlikely event that COVID-19 re-enters the community, the potential impact/risks for Marlborough are threefold, including:

1. the reinstatement of either Level 3 or 4. Reinstatement of level 3 or 4 could have significant impact on Marlborough's retail, tourism and hospitality sectors. Also, it could delay the completion of Capital Projects and Council's ability to deliver services.
2. Government closing the borders with the result that Marlborough's industries are unable to recruit the labour they need at critical times during the year. The consequence is that these industries are unable to produce their normal quantities of product.
3. The economies of Marlborough's trading partners suffer a significant down turn, resulting in a diminished market for Marlborough's product.

### Financial impact

Should the above risks manifest, this will have a significant impact on Marlborough's economy, resulting in reduced revenue to Council and the probability that Council will be called upon to provide support to the Community. The likelihood is that this will result in increased Council debt.

### Infrastructure impact

Delays in capital works projects due to future lockdowns are unknown but provided they are short in duration, cause little upset to the final delivery schedule. The delays in receiving parts and equipment from overseas however does have a significant impact on delivery. Large lead times on specific infrastructure can be overcome with suitable planning, however this also changes the procurement process on specific projects therefore reducing

opportunities for innovation and removing a degree of competition in the tendering the process.

Aside from these delays affecting the capital programme, should unforeseen asset failure occur prior to the planning for replacement, there is also the risk of reduction to the level of service should asset failure occur before parts and equipment can be received.

## Economic life

### Assumption

Council has made a number of assumptions about the useful lives of its assets. The detail for each asset category is shown in the Statement of Accounting Policies. The useful lives are consistent with Council's experience with respect to its ongoing replacement programme.

### Level of uncertainty

Low - above ground.

Medium – below ground.

### Risk

Assets either wear out or become technically obsolescent and need to be replaced earlier than anticipated.

### Financial impact

Depreciation and borrowing costs would increase if replacement Capital Expenditure was required earlier than anticipated. However, these impacts could be mitigated in part by reprioritising the Capital Expenditure programme. There may also be an increase in maintenance costs to keep the asset operational until it is decided to proceed with replacement.

### Infrastructure impact

If useful lives of assets are shorter than what is assumed, forward works programmes need to be reprioritised and non-critical assets will be 'sweated' for a longer period to allow for the required change in programme. Should useful lives of assets be found to be longer than assumed, forward works programmes can be adjusted and renewal programmes can be deferred as appropriate.

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## Subsidy rates

### Assumption

It is assumed that Council will retain, for the period of the Plan, its current subsidy rate of 51% for road maintenance and construction works and 71% for qualifying emergency works.

### Level of uncertainty

Low.

### Risk

Waka Kotahi will either reduce the subsidy rate and/or toughen the criteria for the inclusion of works in the qualifying programme.

### Financial impact

If the subsidy rate is reduced, either a reduction in the level of service or an increase in rates would be required. Council is already receiving very good pricing for road maintenance compared to other Local Authorities, through its collaboration with NZTA in the form of Marlborough Roads.

### Infrastructure impact

If the subsidy rate is reduced, either a reduction in the level of service or an increase in rates would be required. Council is already receiving very good pricing for road maintenance compared to other Local Authorities, through its collaboration with NZTA in the form of Marlborough Roads.

## Natural disasters

### Assumption

Should a major natural disaster occur the District could be faced with significant repair and reconstruction costs. In 2017 Council estimated the maximum probable loss (MPL) cost as a result of a major earthquake, flood or tsunami at approximately \$485 million, following a joint Treasury supported exercise with AON and Tonkin and Taylor. Inflation adjusted this figure would now be approximately \$548 million (2021-22: \$535 million) at 30 June 2023.

Council has engaged Gallagher Re to update its catastrophe modelling, as part of a joint study with Nelson City and Tasman District Councils.

It is assumed that the resulting forecast will be accurate. It is also assumed that:

- Not all assets are likely to be impacted on one event, given their diverse nature and location.
- Immediate replacement of all damaged assets will not be required, immediately following an event.
- The forecast contributions from the Local Authority Protection Programme (LAPP), insurance, Government and Waka Kotahi will be received.
- Through a combination of Council's reserves, investment realisation, credit facilities and rescheduling capital and other works, Council can meet the remaining costs associated with a major disaster over a ten year period.
- As a result of a second earthquake occurring in Christchurch, Council has also modelled the Financial impact of second significant event. Through the use of the same mechanisms identified in the two bullet points above, Council could meet the remaining costs associated with a second major disaster over a ten year period post the second event.

The LAPP fund is a mutual pool set up to assist Councils cover their share of damage to "below ground" and river protection assets resulting from a significant natural event. At the time the fund was formed commercial insurance alternatives for these assets was not available. There was also a clear requirement from Central Government, and still is, that any assistance given to rebuild infrastructure following a disaster will only be made available if Council has made adequate financial provisions to cover its own repair obligations.

Above ground assets are insured through commercial insurance. These costs are in addition to LAPP contributions. Insurance costs have increased over recent years as a direct result of national and international disasters. Council has mitigated the effect by joining with Nelson-City and Tasman District Councils.

### Level of uncertainty

Low.

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### Risks

The actual costs of recovery from a major natural disaster are higher than the forecast Maximum Probable Loss (MPL) of approximately \$520 million.

### Financial impact

Should Council's current estimate of MPL and existing arrangements prove inadequate, either an increase in debt and corresponding increase in rates or a slowing in the rebuild would need to occur.

### Infrastructure impact

Significant disruption of service immediately and reduction in the level of service able to be provided for a reasonable length of time following an event dependant on the damage and extent of the event. High costs of emergency response, combined with the lead times and costs for parts and equipment from overseas [exacerbate the situation](#).

### Taxation framework

#### Assumption

Council has assumed that the existing taxation framework for the Marlborough District Council group will continue for the period of the Long Term Plan.

#### Level of uncertainty

Low.

#### Risks

That the Inland Revenue Department takes the view that Council has used an incorrect tax treatment for any of its activities. Council while being generally exempt from Income Tax, is taxable on income received from subsidiaries. Council also has to account for GST, FBT, Withholding Tax and PAYE.

To mitigate this risk, Council seeks advice from PriceWaterhouseCoopers (PWC) and obtains legal opinions and IRD Binding Rulings where appropriate. Every three years Council also requests PWC to undertake a review of its taxation activities. The last review was in 2023, with the resulting recommendations implemented.

### Financial impact

The likely Financial impact is low, because of the steps Council takes to mitigate its risks.

### Asset ownership and valuation

In the preparation of the Long Term Plan it has been assumed that Council will retain:

- Ownership of MDC Holdings Limited and its subsidiaries:
- Its ownership share (88.5%) in Marlborough Regional Forestry, with Kaikoura District Council owning the remaining 11.5%.
- Ownership of all substantial assets currently owned. [NB, this needs to be confirmed following Council considering the retention of its Senior Housing portfolio.](#)

It has also been assumed that Council will revalue its major assets annually.

#### Level of uncertainty

Low.

#### Risk

The asset values shown in the Long Term Plan have been adjusted based on the BERL indices. The risk is that the results of actual revaluations may be higher or lower than those disclosed in the Long Term Plan.

### Financial impact

If asset revaluations are higher than forecast, this will increase the resulting depreciation cost and rates as Council moves to provide for asset replacement.

### Infrastructure impact

Upon recommendation from [Taituara](#), whilst changes will occur with the impending Three Waters Reform, we are continuing to do all Long Term Planning as per the status quo. With this in mind, should the valuation increase occur due to higher than anticipated replacement rates, the increased cost in delivery of the capital budget may require projects to be deferred and non-critical assets to be 'sweated' from longer than intended.

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## Sources of funds for capital expenditure

Page 222 of the Financial Strategy identifies the expected sources of funds for Council's Capital Expenditure programme. It has been assumed that the funds identified for each of these sources will be received.

### Level of uncertainty

Low.

### Risk

That the forecast funding will not be received as forecast.

### Financial impact

As it is proposed to fund Capital Expenditure from a range of sources it should be possible to compensate a funding shortfall from one source with funding from another i.e. borrowing. If it is decided to increase borrowing a debt servicing cost and a corresponding increase in rates will arise. The alternative is to slow Capital Expenditure especially if the project is growth related and the funding shortfall relates to Development Contributions.

### Infrastructure impact

With a reduced level of funding, the capital projects may be required to be deferred and non-critical assets would be made to 'sweat' for longer than intended.

## Climate change

Council has assumed that the climate changes in relation to rainfall, temperature and sea level will occur as predicted. It has been further assumed that climate change will have minimal impact over the period of the 2024-2034 Long Term Plan. This topic is considered in greater depth in Council's Infrastructure Strategy. This is appropriate given this Strategy covers a longer 30 year period.

### Level of uncertainty

Low.

### Risk

That asset and hazard planning has not adequately assessed climate change.

## Financial impact

For the period of the Long Term Plan, the Financial impact is assessed as low as climate change on the whole is occurring very slowly, providing extended lead times for mitigation measures if required.

### Infrastructure impact

Remedial programmes may need to be accelerated and lower levels of service tolerated until works can be completed.

As understanding of the effects of climate change on infrastructure in Marlborough improves, all capital projects will give consideration of the effects of climate change in their regards to their priority and their design. The effects of climate change on demand, sustainability, future level of service and resiliency of infrastructure assets will be considered in operational and capital planning and expenditure.

High impact on flood risk if the rate of change is much faster than what is currently predicted, 0.3m by 2050 and a 1% AEP flood will increase in size by 10-15%.

[Council has commissioned further studies on this topic so it can better understand the likely impact and timing of climate change.](#)

## Emissions Trading Scheme (ETS)

Any direct impacts of the ETS through potential price increases are assumed to be covered by Council's inflation assumptions and thus factored into the forecasts.

Specific ETS costs relating to waste and landfill have been incorporated into those estimates, together with the increased revenue that will be received.

Pre 1990 forestry has been registered. Any costs associated with ETS will be minimal given Council's rotation and replanting policy.

### Level of uncertainty

Low.

### Risk

The impact and scope of the ETS may be more than assumed.

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### *Financial impact*

The Council will face increased compliance and operating costs, which if significant enough, may require higher fees and charges or increased rating requirements to fund them. However, Council had already taken steps to reduce the landfill liability and fix the price of the Emission Trading Units that will be required to be surrendered during the Scheme's operation.

### *Infrastructure impact*

Consideration is given to sustainability and emissions in the planning of maintaining, replacing, upgrading and extending all infrastructure. A cost benefit analysis will be applied where proven products, practices and principles exist.

### *Resource consents*

Council has assumed that it will continue to hold and comply with appropriate resource consents to enable it to continue its activities, especially in relation to water, sewerage and stormwater.

### *Level of uncertainty*

Low.

### *Risk*

Appropriate consents are either not renewed or require improvements in level of service before being granted. The trends in Resource Consent requirements are covered more fully in the Infrastructure Strategy.

### *Financial impact*

The main Financial impact could occur if levels of service require improvement before a resource consent renewal is granted. The resulting increase in costs will likely require an increase in borrowing which in turn will impact on rates.

### *Infrastructure impact*

Delays in approval of future resource consents due to factors beyond our reasonable control e.g. time extension for consultation, puts us at risk of not meeting our legislative requirements and incurring unnecessary costs and damage to our reputation. Any failure to meet the requirements of existing resource consents is also potentially damaging to the environment and our reputation. Working with the Regulatory Department to ensure compliance is

met and improving the software in which we record and report on compliance will minimize the risk of failures.

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## 8. Draft Revenue and Financing Policy

(Report prepared by Geoff Blake)

D050-001-L24

### Purpose of Report

1. To provide an update on the potential changes to the Revenue and Financing Policy.

### RECOMMENDATION

That the LTP Working Group note the proposed changes in the policy to date.

### Background

2. The Council's Revenue and Financing Policy provides a summary of Council's funding policies in respect of both operating expenses and capital expenditures.
3. Council is legally required to review the Policy every 3 years, with the last review occurring as part of 2021-2031 LTP process.
4. Changes proposed to existing Policy are:
  - a) The inclusion of a statement considering the pre-amble to the Te Tura Whenua Māori Act 1993 which promotes the retention, and facilitation of the use, of land that is of special significance to Māori people, in the hands of its owners, their whanau, and their hapu, and to protect wahi tapu.
  - b) The addition of a "Corporate" activity which amalgamates unallocated Overheads together with the General Revenue sources identified in Section 12 of this Policy.
  - c) Addition to Table 9: Residual Rate Funding Basis of a Sounds Road Recovery placeholder with decisions pending on the method of recovery.
5. A marked up copy of the Policy is attached.

Author	Geoff Blake, CFO
Authoriser	Martin Fletcher, Manager Strategic Finance

<b>2024-34 Revenue and Financing Policy</b>						
<b>Version no</b>	1	<b>CM Reference</b>	2168968			
<b>Approved by</b>	Council					
<b>Last review date (if applicable)</b>	TBA	<b>Next review date</b>	2027			
		<b>Select review period</b>	1yr	2yr	3yr	✓
<b>Policy owner</b>	Chief Financial Officer					

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## Revenue and Financing Policy

1. The Revenue and Financing Policy provides a summary of Council's funding policies in respect of both operating expenses and capital expenditures. Council reviews its funding policy at least every three years. The last review was completed prior to the initiation of the [2024-34 Long Term Plan \(LTP\)](#), and changes adopted are detailed in paragraph 14.

2. Sources of funds available to Council are as follows:

- General rates.
- Targeted rates.
- Lump sum contributions.
- Fees and charges.
- Interest and dividends from investments.
- Borrowing.
- Proceeds from asset sales.
- Development contributions.
- Financial contributions.
- Grants and subsidies.
- Regional Fuel Taxes

- Other sources permitted by statute.

3. Council's Revenue and Expenditure Policy deals with the revenue and financing mechanisms at a "Sub-Activity" level. Sub-Activities are a sub-set of "Activities", which in turn are a sub-set of "Activity Groups" using two examples:

1. *One of Council's Activity Groups is "People".  
One of People's Activities is "Community Support".  
One of Community Support's Sub-Activities is "Grants and Donations".*
2. *One of Council's Activity Groups is "Community Facilities".  
One of Community Facilities' Activities is "Reserves".*

4. In determining which funding sources were appropriate, Council gave consideration to the following matters in relation to each activity to be funded:

- How Activities contribute to Current/Future Social, Economic, Environmental and Cultural Well- Being of the Community (8.1);
- The community outcomes to which the Activity primarily contributes (8.2);
- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals (8.3);

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- The period in or over which those benefits are expected to occur (8.4);
  - The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity (8.5);
  - The costs and benefits, including consequences, for transparency and accountability, of funding the activity distinctly from other activities (8.6); and
  - The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.
5. Prior to determining the "Residual amount to be funded by General-type Rates", Council identified all other funding sources appropriate to each activity. These other sources, and the approach taken by Council are listed in Tables 9.1 Operating Expenditure and 9.2 Capital Expenditure, which highlight the funding sources for every Council activity and any sub-activity which may exist.

The table in paragraph 10 illustrates how the residual rate funding requirement for each activity/sub-activity is proposed to be met, after provision has been made for the revenue sources identified Tables 9.1 and 9.2 and having given consideration to the matters in paragraph 8.

Council believes that its use of these rating tools will result in a fair and equitable funding result for each Activity.

**Fees and Charges**

These have been set at a level to recover private benefits where it is practical and economic to do so, unless there have been determinations arising from previous funding reviews to fund all or part of such benefits from rates as is the case for Libraries.

**Grants and Subsidies**

These are sought and applied for whenever they are available.

**General Revenues**

These are allocated to Geographic Rating Areas in proportion to the gross general-type rates and charges applicable to those Areas .

**General-Type Targeted Rates and Charges**

The proportion of each activity's costs to be met from general-type targeted rates and charges is detailed in Table 9. The allocations in that table reflect Council's assessment of the benefits, and demands, which should be funded by land value rates, and the benefits and requirements which should be funded by uniform annual charge. In these instances Council believes separate general targeted rates and charges are the most equitable funding mechanism based on the benefits assessed for each targeted geographic area.

Separate differential categories are utilised for general-type rates and charges, and these are specified in each year's Funding Impact Statement. Council currently has six geographic areas and three categories of land use for each of these areas.

**Separate Targeted Rates and Charges**

Targeted rates and charges are levied to meet the full cost of water and sewerage schemes, refuse and recycling collections, defined roading improvements, Wairau River catchment flood protection works, defined marketing and tourism activities and for other services where Council has been requested to levy such rates. In these instances Council believe separate targeted rates are the most equitable funding mechanism based of the benefits assessed for the targeted area.

Council has adopted differential land value rates to fund the debt servicing requirement of the Combined sewerage and water schemes, which takes account of the median land values for each scheme; and of funding operating costs by way of a common uniform annual charge for the Combined sewerage scheme and a differential uniform annual charge for the Combined Water Scheme. The most significant benefits derived from these combined single sewerage and water funding schemes are a smoothing of rating spikes in smaller schemes and better cash flow management through the timing of capital works.

Council has adopted differential capital value rates to fund Wairau River catchment flood protection works.

For the 2024-2034 LTP there is a separate identified rate proposal which has been developed for the recovery of the storm damaged roads in the Marlborough Sounds.

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**Note:**

The combined sewerage and water rates and charges do not include the initial debt servicing requirements for any new schemes not paid by lump sum contributions.

6. The following explanations will give readers an understanding of terminology used in this policy statement. Unless otherwise specified, the term:
- Uniform Annual Charge (UAC) or Charge refers to a targeted rate of a uniform amount calculated on each separately used or inhabited part of every rating unit; or for some charges, on every rating unit.
  - General-type targeted Rates are rates that are targeted to a particular geographic rating area or a differential rating area group. (These rates are based on the land value of each property).
  - General-type targeted Charges are charges that are targeted to a particular geographic rating area. (These charges are set differentially for the six geographic areas as a fixed amount on every separately used or inhabited part of a rating unit).
  - Separate targeted Rates are rates that are targeted to a particular area of benefit. e.g. Water, Sewerage. (Separate targeted rates are based on the land value of each property other than Wairau Valley River Works Rates and the Kenepuru Road Rate which are levied on capital value, or the Southern Valleys' Irrigation Loan Rate and the Flaxbourne Community Irrigation Scheme Loan Rate which are based on irrigable hectares) or the Energy Efficiency rates which are based on the service amount.
  - Separate targeted Charges are charges that are targeted to a particular area of benefit e.g. Water, Sewerage.
  - Land values, capital values or rating units refers to rateable land values, rateable capital values or rateable rating units as the case may be.
  - Residual Rate Funding Percentages refer to the residual amount to be funded, after allowance for sources of funds other than rates.
  - Funding relationship weightings refer to a methodology for allocating the various general-type rates and charges where the highest weighting is always expressed as 100.

- Where a weighting shows as zero, there is no contribution from that area. Where a weighting shows as a number between zero and 100 (e.g. 85), that area will pay a rate or uniform charge (as the case may be) of 85% of any area that has a weighting of 100.
- If all areas have a weighting of 100, the rate in the dollar or uniform charge (as the case may be) will be the same for all areas.

**Separately used or inhabited part of a rating unit (SUIP)**

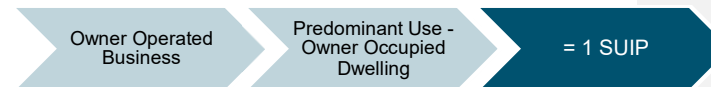
A SUIP includes any portion inhabited or used by the owner or a person other than the owner who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement. It includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner.

A rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

Vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used'.

**Exceptions to the definition**

- Predominantly residential rating units where the owner of the unit resides and operates a business (including a homestay or farmstay activity) from the same rating unit will be charged as being one SUIP.



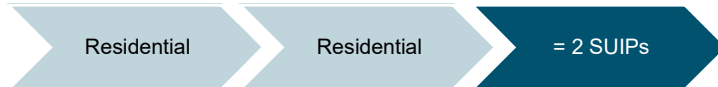
- Motels, and hotels used for commercial rental and dwellings used by owners or managers of a hotel or motel are treated as one business use even though each accommodation unit may be capable of separate use.



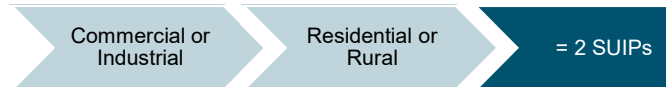


Examples of the application of the definition

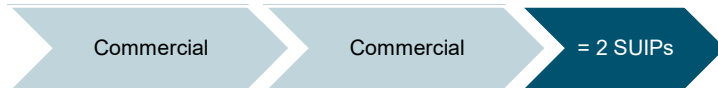
- Where a rating unit has two separately used parts, whether or not actually occupied at any particular time, they will be treated as two SUIPs.



- Where a rating unit contains both a commercial or industrial type use, and a residential or rural type use they will be treated as two SUIPs.



- Where a number of different businesses are located on one rating unit, each separate business will be assessed as a SUIP.



**The Council has adopted the following differential rating categories for general-type rates:**

***Residential or Rural***

All land used for a private residence and all land used for rural purposes. "Private residence" excludes rest homes and residential establishments that provide residential care. It also excludes all forms of commercial accommodation.

"Rural purposes" means any agricultural, horticultural or pastoral purpose and includes the keeping of bees, poultry or livestock. This group will include all rating units not otherwise categorised within a specified differential category.

Forestry is included in this category for the purposes of the General Works and Services Rate.

***Commercial or Industrial***

All land used for a commercial or industrial purpose. "Commercial purposes" includes but is not limited to, any trade or service or activity undertaken or provision of facilities, by any person with a view to making a profit irrespective of whether a profit is actually made, or charging any fee or deriving any other consideration in relation to the trade or service or activity or provision. "Industrial" includes a business, manufacturer, undertaking, or service associated with the production of any type of goods. For the purposes of the General Works and Services Rate, this differential category includes residential rest homes and residential establishments that provide residential care and all forms of commercial accommodation as well as rating units otherwise assessed as "utilities".

Commercial accommodation includes but is not limited to the provision of accommodation for a fee or other consideration with the exemption of:

- Properties where the principal purpose is the provision of longstay accommodation, i.e. 28 days or more.
- Properties that provide accommodation for five or less people.
- Properties that were originally constructed as residential properties that provide accommodation for six or more, which are included in the homestay or farmstay category.

***Homestay or Farmstay***

Includes all rating units that are used for a homestay or farmstay activity on land predominantly used for residential or rural purposes, where a Building Act or Resource Consent was required for such a use.

***Utilities***

Land used for an essential service such as water, electricity, gas, telecommunications or sewerage.

***Multiple Land Uses***

The Council will partition a rating unit where there are two or more land uses that fit into different differential rating categories except for predominantly residential properties where the owner of the commercial/industrial operation resides on the same rating unit.

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**Te Ture Whenua Maori Act 1993**

The Council will promote the retention of Maori land in the hands of its owners, their whanau, and their hapu; and to protect wahi tapu; and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau and their hapu. Council will do this through the consideration of applications for remission or postponement of rates on Maori freehold land in accordance with the policy adopted by Council regarding remissions and postponements of rates on other land. The Rates Remission and Postponement Policy

**Property Valuation System**

7. Independent property valuations are provided to Council, under contract, by Quotable Value Ltd. The Marlborough District was last revalued on 1 July 2023 and the new values apply from the 2024-25 rating year.

**Compliance with Financial Management Requirements**

8. The "Activities" that comprise the twelve "Activity Groups" of People, Community Facilities, Roads and Footpaths, Flood Protection and Control, Sewerage, Stormwater Drainage, Water Supply, Solid Waste Management, Environmental Management, Regulatory, Regional Development and Corporate are listed in the following tables together with a summary of Council's consideration of whether activities contribute to the four well beings contained in the Local Government Act 2002 and Council's outcomes in the table below.

**8.1 How activities contribute to Current/Future Social, Economic, Environmental and Cultural Well-Being of the Community:**

<b>Democratic Process</b>	<u>The provision of</u> effective decision making and leadership for the community, and through effective public information.
<b>Culture and Heritage</b>	The <u>positive promotion of</u> cultural enrichment, giving residents the opportunity to gain valuable knowledge of their heritage.
<b>Housing for Seniors</b>	<u>The provision of</u> safe and comfortable Senior Housing.
<b>Community Support</b>	<u>Promoting</u> cultural enrichment and opportunities for residents to participate in community life, <u>and encouraging energy efficiency</u> initiatives.
<b>Library Services</b>	<u>Providing</u> individuals with the opportunity to enhance learning and contributes to the wellbeing of the community.
<b>Emergency Management</b>	<u>Maintaining</u> readiness to respond to adverse events, and assisting with the health, safety and well-being of the community.
<b>Community Facilities</b>	<u>Promoting</u> recreation and cultural enrichment and opportunities for residents to be involved in community life.
<b>Roads and Footpaths</b>	An efficient road transport network, <u>enables</u> the efficient <u>and safe</u> movement of people and goods.
<b>Flood Protection and Control</b>	Adequate river protection <u>minimises</u> the likelihood and potential damage from significant flood events.
<b>Sewerage</b>	<u>Treatment and disposal</u> will protect the health of the community and the environment from adverse effects of untreated or uncontrolled effluent disposal.
<b>Stormwater Drainage</b>	An adequate drainage system <u>minimises</u> the likelihood and potential damage of significant rainfall events.
<b>Water Supply</b>	Water is a necessity of life and the supply of water <u>is a critical activity for the health and well-being of the community.</u>

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<b>Solid Waste Management</b>	Protecting the health of the community and the environment through the effective collection and treatment of Solid Waste, including recycling.
<b>Environmental Policy</b>	Protecting the sustainability of the community through the development and maintenance of the Marlborough Environment Plan.
<b>Environmental Science and Monitoring</b>	Protecting the sustainability of the community by providing robust science to inform the development of Environmental Policy.
<b>Resource Consents</b>	Providing effective public information and applying due diligence in processing in accordance with the provisions of the Marlborough Environment Plan.
<b>Environmental Protection</b>	Providing effective public information and applying due diligence in processing and maintaining compliance with the conditions contained in Resource Consents.
<b>Biosecurity</b>	Protecting the sustainability of the community as pests have the potential to severely impact Marlborough's largely land and water based industries.
<b>Building Control</b>	Providing effective public information and applying due diligence in processing and maintaining compliance with building industry codes of practise.
<b>Environmental Health</b>	Providing effective public information and applying due diligence in processing and maintaining compliance with food and alcohol legislative requirements in particular.
<b>Animal Control</b>	Through education and diligent policing of this activity.
<b>Harbours</b>	Promoting the safe use and passage of people and goods in Marlborough's extensive waterways.
<b>Regional Development</b>	Promotion of the Marlborough economy and the provision of irrigation and CBD parking.
<b>Corporate</b>	Funding received through these activities contributes to specific community or infrastructure projects or to the reduction of general rates.

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8.2 Community Outcomes to which Activities Contribute:

Council Activities	Community Outcomes						
	Governance	Environment	People	Economy	Connectivity	Living	
Democratic Process	✓	✓	✓	✓	✓	✓	
Culture and Heritage	✓		✓	✓		✓	

Housing for Seniors	✓		✓		✓	✓
Community Support	✓	✓	✓		✓	✓
Library Services	✓		✓	✓	✓	✓
Emergency Management	✓	✓	✓	✓		✓
Community Facilities	✓	✓	✓	✓	✓	✓
The Provision of Roads and Footpaths		✓	✓	✓	✓	✓
Flood Protection and Control Works		✓	✓	✓	✓	✓
Sewerage Including Treatment and Disposal		✓	✓	✓		✓
Stormwater Drainage		✓	✓	✓		✓
Water Supply		✓	✓	✓		✓
Solid Waste Management		✓	✓	✓	✓	✓
Environmental Policy	✓	✓	✓	✓	✓	✓
Environmental Science and Monitoring	✓	✓	✓	✓		✓
Resource Consents	✓	✓		✓		✓
Environmental Protection	✓	✓	✓	✓		✓
Biosecurity		✓	✓	✓		✓
Building Control		✓		✓		✓
Environmental Health	✓		✓	✓		✓
Animal Control	✓	✓	✓		✓	✓
Harbours	✓	✓	✓	✓	✓	✓
Regional Development	✓	✓	✓	✓	✓	✓
Corporate	✓	✓	✓	✓	✓	✓

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8.3 Distribution of Benefits

Group	Activity	District-wide	Targeted area	Individuals
People	Democratic Process	100%		
	Culture and Heritage	100%		
	Housing for Seniors			100%
	Community Support			
	• Community Support and Development	100%		
	• Events Management	100%		100%
	• Energy Efficiency		50%	50%
	• Passenger Transport	10%	90%	
	• Smart and Connected Communities			
	Library Services	<del>80%</del>		<del>20%</del>
	Emergency Management	100%		
	Community Facilities	50%	50%	
	Roads and Footpaths	100%		
	Flood Protection and Control	20%	80%	
	Sewerage		100%	
	Stormwater Drainage		100%	
	Water Supply		100%	
	Solid Waste Management	15%	15%	70%

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Group	Activity	District-wide	Targeted area	Individuals
Environmental Management	Environmental Policy	100%		
	Environmental Science and Monitoring	100%		
	Resource Consents	40%		60%
	Environmental Protection	40%		60%
Regulatory	Biosecurity	80%	20%	
	Building Control	20%		80%
	Environmental Health	40%		60%
	Animal Control	20%		80%
	Harbours	10%	50%	40%
Regional Development	Regional Development			
	<ul style="list-style-type: none"> <li>Economic Development</li> <li>Marketing and Tourism</li> <li>Research Centre</li> <li>Commercial Events</li> <li>Irrigation</li> <li>CBD Parking</li> <li>Business Improvement District</li> </ul>	80% 70% 100% 100%	20%	30% 100% 100%
Corporate	Corporate			
	• Investment Income	100%		
	• Petroleum Tax	100%		
	• Non Activity Asset Sales	100%		
	• Development & Financial Contributions		100%	
• Forestry	100%			

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**8.4 The period in or over which those benefits are expected to occur**

Benefits are expected to occur for at least the duration of the 10 year Plan. However, many benefits, particularly in the infrastructure intensive Activities such as Roads and Footpaths, Flood Protection and Control, Sewerage, Stormwater Drainage, Water Supply and Solid Waste Management will last for generations. To better match the time over which benefits are generated with who pays, Council may use debt as one means of achieving this.

**Deleted:** \*Previously funded 80% individual and 20% rates. Council decision of 18 November 2014 decided that the parking account would be self-funding and that no rate payer subsidy would apply

**8.5 Extent to which the Actions or Inaction of Particular Individuals or a Group Contribute to the Need to Undertake the Activity.**

<b>Democratic Process</b>	Ratepayers and residents are becoming increasingly interested in Council's activities and wanting to become better informed and involved in Council decision making.
<b>Culture and Heritage</b>	Many residents are interested and consider these activities an important part of a balanced community. Arts and culture are seen as essential to the health and well-being of society. Also, a strong community needs to be knowledgeable of its heritage and past achievements to help guide its future.
<b>Housing for Seniors</b>	The social and economic position of some seniors creates the need for Senior Housing.
<b>Community Support</b>	This Activity is very diverse in that it enables the community demand to access a broad range of recreational, arts, cultural, social opportunities, passenger transport (including Total Mobility) and energy efficiency financial assistance.
<b>Library Services</b>	The library is often viewed as one of the cornerstones of society. As such the demand to have a well-resourced functioning library comes from right across the community, because of the opportunity it creates to develop a lifestyle that enhances learning and creates recreational, cultural and social opportunities.
<b>Emergency Management</b>	Regional and national communities need an emergency response capability; knowledge of hazards; and measures to mitigate and contain harmful effects to minimise the damage to the community and speed recovery. Also, individual users need hazard information to provide knowledge of risks that directly affect them and learn how to mitigate the effects.
<b>Community Facilities</b>	As leisure time availability and the diversity of sport and other recreational activities increases there is demand on Council to provide facilities to enable residents to participate and enjoy those activities.
<b>Roads and Footpaths</b>	Users of the roading network create the need for further development and maintenance of the networks from the number of trips that are made and which type of vehicle is used. Light vehicles typically create the need for network capacity, while heavy vehicles create the need for road strength and much of the network's maintenance. There are also requests to further extend Marlborough's sealed road network. In this case the area of benefit will typically make a contribution to those works.
<b>Flood Protection and Control</b>	Ratepayers have invested heavily in the land, buildings and other developments they own. They want the value in those assets, human life and community access to be protected from flood events. As rain falls across Marlborough and ultimately finishes in the river systems, all property owners are contributing to varying degrees the water volumes in rivers and potential to flood. There is also a desire from residents to preserve or enhance the environment and amenity values of river corridors.

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<b>Sewerage</b>	People who are connected to sewer schemes are creating the need for the Council to collect and treat sewerage to protect public health and minimise the environmental damage to the District's waterways. New residential and industrial developments are adding to the demands placed on schemes, requiring Council to undertake new capital works and increase operating costs.
<b>Stormwater Drainage</b>	Owners of developed properties require that there are systems for the collection and disposal of stormwater. New residential and industrial developments are adding to the demands placed on schemes, requiring Council to undertake new capital works and increase operating costs.
<b>Water Supply</b>	People connected to water schemes are creating the need for the Council to undertake work relating to the availability of potable water. It is considered appropriate for these people to fund the work through targeted rates. New residential and industrial developments are adding to the demands placed on schemes, requiring Council to undertake new capital works and increase operating costs.
<b>Solid Waste Management</b>	Council provides waste management services for public health reasons and to protect the environment. Benefits apply directly to those who are in an area which has kerbside refuse or kerbside refuse and recycling collection services. The Council considers that properties that receive, or will receive, a waste collection service should be responsible for funding expenditure relating to collection and those that dispose of refuse at the transfer stations should pay a disposal fee.
<b>Environmental Policy</b>	The whole Community needs sound policy development, reviews and planning to enable the sustainable management of the District's resources.
<b>Environmental Science and Monitoring</b>	The Community is the primary beneficiary of this activity as the information collected provides the basis for monitoring and reporting, sound policy development, reviews and planning. It should be noted that an increasing proportion of this activity is driven by national requirements.
<b>Resource Consents</b>	Persons or organisations applying for Resource Consents are wanting a fair, transparent approach to the allocation of regional resources in accordance with the Marlborough Environment Plan. Also, other residents want protection of their current rights and ability to peacefully enjoy their property.
<b>Environmental Protection</b>	The whole community needs this Activity to ensure the conditions attached to Resource Consents are in fact met.
<b>Biosecurity</b>	Because of Marlborough's land and water industry, this Activity is needed by the whole community as the management of pests is essential for the District's continued prosperity, environmental sustainability and health.
<b>Building Control</b>	Property owners require assurance that the building that they're looking to purchase has been constructed in a manner that meets building code requirements and earthquake resilience rating requirements
<b>Environmental Health</b>	As this Activity has a significant food and alcohol focus, all members of the community need to be assured of their health and safety. In addition, with Marlborough having a significant hospitality industry the Activity is needed to protect the district's reputation as visitor destination
<b>Animal Control</b>	With Marlborough having over 10,000 dogs, this Activity is needed to ensure the safe interaction between dogs, their owners and the remainder of the Community.
<b>Harbours</b>	Marlborough has the largest coastline of any district in NZ. This Activity is needed to ensure the safe use of its waterways by a wide diversity of users including commercial shipping, commercial fishing owners, marine farmers and recreational harbour users. Safe use includes avoiding natural and other hazards e.g., collisions, maintaining a clean marine environment and shorter duration of pollution.

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<b>Regional Development</b>	Regional Development is needed by significant portions of the Marlborough community to assist the District to achieve its economic development outcomes, in particular attracting visitors, residents and investment to Marlborough, irrigation, CBD parking, and in turn adding value to Marlborough enterprises and enriching the quality of life for Marlborough residents.
<b>Corporate</b>	Corporate activities are needed to provide some balance to the District's funding strategies by providing support to specific projects or events and, in some cases, general rates.

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**8.6 Costs and Benefits of Funding the Activity Distinctly from Other Activities:**

Council has reviewed its Activity and sub activity structure plus its underlying highly detailed Rates Funding Allocation Model and believes that the costs associated with further disaggregation would outweigh the benefits.

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**8.7 The overall impact of Funding on the Social, Economic, Environmental and Cultural well-being of the community**

This Revenue and Financing Policy contains few changes to previous versions, apart from the Sounds Roads Recovery funding. Sounds Road Recovery funding has already been part of two community engagements and will be consulted upon further as part of finalising this Policy and the 2024-34 LTP. The existing Revenue and Financing Policy has consulted on previously as part of finalising previous LTPs. There have been no identified adverse impacts on Social, Economic, Environmental and Cultural well-being of the community because of this policy.

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## 9.0 Funding of Operating and Capital Expenditure Requirements

### 9.1 Operating Expenses Funding Policy

The following table summarises Council's possible Operating Expenses Funding Policy at an Activity level:

Group	Activities	Targeted Rates	Fees and Charges	Interest and Dividends from Investments	Borrowing	Proceeds from Asset Sales	Development Contributions and/or Financial	Grants and Subsidies	Other Sources
People	Democratic Process	Yes	No	Yes	No	No	No	Yes	Yes
	Culture and Heritage	Yes	No	Yes	No	No	No	Yes	Yes
	Housing for Seniors	No	Yes	No	No	No	No	Yes	Yes
	Community Support	Yes	Yes	Yes	No	No	No	Yes	Yes
	Library Services	Yes	Yes	Yes	No	No	No	Yes	Yes
	Emergency Management	Yes	No	Yes	No	No	No	Yes	Yes
	Community Facilities	Yes	Yes	Yes	No	No	No	Yes	Yes
	Roads and Footpaths	Yes	Yes	Yes	No	No	No	Yes	Yes
	Flood Protection and Control	Yes	Yes	Yes	No	No	No	Yes	Yes
	Sewerage	Yes	Yes	No	No	No	No	Yes	Yes
	Stormwater Drainage	Yes	Yes	Yes	No	No	No	Yes	Yes
	Water Supply	Yes	Yes	No	No	No	No	Yes	Yes
	Solid Waste Management	Yes	Yes	Yes	No	No	No	Yes	Yes
Environmental Management	Environmental Policy	Yes	Yes	Yes	No	No	No	No	Yes
	Environmental Science and Monitoring	Yes	Yes	Yes	No	No	No	Yes	Yes
	Resource Consents	Yes	Yes	Yes	No	No	No	No	Yes
	Environmental Protection	Yes	Yes	Yes	No	No	No	No	Yes
Regulatory	Biosecurity (Pest Management)	Yes	Yes	Yes	No	No	No	Yes	Yes
	Building Control	Yes	Yes	Yes	No	No	No	No	Yes
	Environmental Health	Yes	Yes	Yes	No	No	No	No	Yes
	Animal Control	Yes	Yes	Yes	No	No	No	Yes	Yes
	Harbours	Yes	Yes	Yes	No	No	No	No	Yes
	Regional Development	Yes	Yes	Yes	No	No	No	Yes	Yes
	Corporate	No	Yes	Yes	No	No	No	Yes	Yes

**9.2 Capital Expenditure Funding Policy**

The following table summarises Council's possible Capital Expenditure Funding Policy at an Activity level: The utilisation order of the various funding sources is detailed in paragraph 10, Funding of Capital Requirements.

Group	Activity	Targeted Rates	Fees and Charges	Interest and Dividends from Investments	Borrowing	Proceeds from Asset Sales	Development Contributions and/or Financial	Grants and Subsidies	Other Sources
People	Democratic Process	Yes	No	Yes	Yes	Yes	No	Yes	Yes
	Culture and Heritage	Yes	No	Yes	Yes	No	No	Yes	Yes
	Housing for Seniors	No	Yes	No	Yes	Yes	No	Yes	Yes
	Community Support	Yes	No	Yes	Yes	No	No	Yes	Yes
	Library Services	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
	Emergency Management	Yes	No	Yes	Yes	Yes	No	Yes	Yes
	Community Facilities	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Roads and Footpaths	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
	Flood Protection and Control	Yes	Yes	Yes	Yes	No	No	Yes	Yes
	Sewerage	Yes	Yes	No	Yes	No	Yes	Yes	Yes
	Stormwater Drainage	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
	Water Supply	Yes	Yes	No	Yes	No	Yes	Yes	Yes
	Solid Waste Management	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Environmental Management	Environmental Policy	Yes	No	Yes	Yes	No	No	No	Yes
	Environmental Science and Monitoring	Yes	Yes	Yes	Yes	No	No	Yes	Yes
	Resource Consents	Yes	Yes	Yes	Yes	No	No	Yes	Yes
	Environmental Protection	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Regulatory	Biosecurity (Pest Management)	Yes	No	Yes	No	No	No	Yes	Yes
	Building Control	Yes	Yes	Yes	No	No	No	No	Yes
	Environmental Health	Yes	No	Yes	No	No	No	No	Yes
	Animal Control	Yes	Yes	Yes	Yes	No	No	No	Yes
	Harbours	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
	Regional Development	Yes	No	Yes	Yes	No	No	No	Yes
	<u>Corporate</u>	<u>No</u>	<u>Yes</u>	<u>Yes</u>	<u>Yes</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>Yes</u>

**10. Funding of Capital Requirements In general, the sources of funds for capital expenditure will be utilised in the following order:**

- Capital grants and subsidies (where available).
- Development and financial contributions.
- User charges.
- General revenue sources [see below].
- Council financial reserves, including Depreciation Reserves, Infrastructure Upgrade Reserve and the Forestry and Land Development Reserve.
- Loan raising [which will impact on rates in the form of loan servicing charges].
- Targeted rates [directly charged].

**11. Funding of Depreciation and Debt Servicing Costs**

In this Plan Council has funded Depreciation and Debt Servicing Costs on the following basis:

- (i) Depreciation has been fully funded for all assets with the following exceptions:
  - Roads, where funding has been adjusted to take account of NZ Transport Agency financial contributions.
  - Halls, Convention Centre, reserves, drains, river channels, retards and Taylor Dam as it is planned that these assets are either maintained in perpetuity, or their replacement is not certain because of changing community needs.
  - Southern Valleys' Irrigation Scheme, where funding is capped at current levels in accordance with practice established following community consultation.
  - Activities with loans as well as a high value of non-depreciable assets, as below.
- (ii) Debt Servicing Costs have been funded from depreciation reserves with the following exceptions:

- In activities with loans as well as a high value of non-depreciable assets debt servicing costs are fully funded from revenues and/or reserves and depreciation is not funded.

Where there is a specific rate or dedicated part of any rate to meet debt servicing costs.

**12. General Revenue Sources**

There are some revenue sources which are grouped into a separate Activity, labelled Corporate, which are utilised by Council to assist in funding a number of Council activities either directly or indirectly.

These include:

**Dividends and Interest from Investments**

- Funded to specified Reserves for particular purposes or events (eg: Emergency Events Reserve).
- Used to subsidise general-type rates and charges by way of general revenue allocation.
- Used to fund interest and funding costs on external borrowings.

**Petroleum Tax**

- Used to subsidise general-type rates and charges by way of general revenue allocation.

**Asset Sale Proceeds**

- Proceeds from the sale of non- activity assets are used to fund the Forestry and Land Development Reserve.

**Development and Financial Contributions**

- Contributions received from developments and subdivisions are applied towards the cost of infrastructure to mitigate the effects of growth. (Where capital expenditure can be funded from these contributions, Council will generally use these sources of funding to meet the cost of growth of the District in preference to other sources).

**Forestry Income**

- Currently used to fund the Forestry and Land Development Reserve which is used to fund projects as determined by Council.

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### 13. Funding of Expenditure by Activity

The following table illustrates how the Residual Rate funding requirement for each activity/sub-activity is proposed to be met, after provision has been made for any applicable Fees, Charges, Grants, and Subsidies; or other Direct Revenue that relates to the activity/sub-activity; and having given consideration to the matters in paragraph 8.

A separate supplementary Rate Funding Allocations report outlining "Relationship determinations, Area Funding %'s, and Geo-type Rates in \$, (or) Uniform Charge Amounts" is available on request, which provides a detailed analysis of the Geographic Rating Areas contribution to the General-type Targeted Rates and Charges; as well as the Relationship between the general-type rates and charges in those areas.

**Table 9 Residual Rate Funding Basis**

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %	
People	Democratic Process	Democratic Process		*	0	100	0	0	
	Culture and Heritage	Arts: Marlborough Art Gallery Grants		*	40	60	0	0	
		Arts: Other Grants		*	40	60	0	0	
		Heritage: Marlborough Historical		*	40	60	0	0	
		Heritage: Other Grants		*	40	60	0	0	
		Museums – Picton				100	0	0	
		Museums: Renwick				100	0	0	
		Museums – Rural				100	0	0	
	Housing for Seniors		*	*	0	0	0	0	
	Community Support	Community: Grants and Donations				40	60	0	0
		Community: Recreation				0	100	0	0
		Community: Security Cameras				100	0	0	0
		Energy Efficiency Initiatives			*	0	0	100	0
		Smart and Connected Communities				40	60		
		Events Management				0	100	0	0
		Passenger Transport			*	100	0	0	0
	Library Services		*		0	100	0	0	
	Emergency Management			*	40	60	0	0	

Group	Activities/ Sub- activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %	
Community Facilities	Cemeteries		*	*	0	100	0	0	
	Halls	Group 1 - Awarua Park			100	0	0	0	
		Group 2 - Waitaria			100	0	0	0	
		Group 3 - Gen Rural Halls			100	0	0	0	
		Group 4 - Blenheim			100	0	0	0	
		Group 5 - Fairhall Hall			100	0	0	0	
		Group 7 - Wairau Road C/Centre			100	0	0	0	
		Group 8 - Queen Charlotte College			100	0	0	0	
		Group 9 - B/Vic. Halls			100	0	0	0	
	Memorials	Cleghorn Rotunda			100	0	0	0	
		Picton			100	0	0	0	
		Seymour Square			100	0	0	0	
		Town Centre Clock			100	0	0	0	
	Other			100	0	0	0		
	Public Conveniences				0	100	0	0	
	Reserves	Group 1a - Bln Neighbourhood		*	*	1	99	0	0
		Group 1b - B/V Neighbourhood		*	*	1	99	0	0
		Group 2a - Ptn Neighbourhood		*		1	99	0	0
		Group 2b - P/V Neighbourhood			*	1	99	0	0
		Group 3 - WV Domain				1	99	0	0
		Group 4 - Bln Vicinity Domains		*	*	4	96	0	0
		Group 5 - Endeavour Park/Waitohi		*		4	96	0	0
		Group 6 - A&P/Horton Park		*		10	90	0	0
		Group 7 - Athletic Park/Oliver Park		*		10	90	0	0
		Group 8 - Bobs Bay/Picton Foreshore		*		40	60	0	0
		Group 9 - Churchward Park				28	72	0	0
		Group 10 - Rural Domains		*		4	96	0	0
		Group 11 - Nelson Square				28	72	0	0
	Group 12 - Pollard/Seymour/Riverside		*		40	60	0	0	
	Group 13 - Wither Walkway etc				40	60	0	0	

Group	Activities/ Sub- activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
		Group 14 - Rural Reserves		*	100	0	0	0
		Group 15 - Misc Leased Reserves	*		100	0	0	0
	Street Trees, Berms and Plots				100	0	0	0
	Street Trees, Berms and Plots (Separate Targeted Rates)	Landscaping (Urban 1)			0	0	0	100
		Landscaping (Urban 2)			0	0	0	100
		Landscaping (Rural 1)			0	0	0	100
		Landscaping (Rural 2)			0	0	0	100
	Swimming Pools	Aquatic Centre	*		3	97	0	0
		Awatere	*		3	97	0	0
		Picton	*		3	97	0	0

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %	
Roads And Footpaths	Subdivisional Works		*		100	0	0	0	
	Roading Network		*	*	100	0	0	0	
	Roading Related Works		*		100	0	0	0	
	Roads: Small Township Upgrades (Blenheim Vicinity)				100	0	0	0	
	Roads: Small Township Upgrades (General Rural)				100	0	0	0	
	<u>Roads: Sounds Roads Recovery</u>				?	?	?	?	
	CBD Works	Blenheim		*	100	0	0	0	
		Picton		*	100	0	0	0	
	Targeted	French Pass Road			*	0	0	0	100
		Kenepuru Road			*	0	0	100	0
Other Roads (as approved)			*	0	0	0	100		
Other Roads (as approved)			*	0	0	100	0		
Flood Protection and Control	Rivers in Wairau Valley District - (Separate Targeted Rate)		*	*	0	0	100	0	
	Rivers outside WV Rating District		*		100	0	0	0	
Sewerage (Targeted Rates)	Combined Sewerage Scheme	Capital (includes Blenheim, Grovetown, Renwick, Spring Creek, Picton, Seddon and Havelock)	*	*	0	0	100	0	
		Operating (includes Blenheim, Grovetown, Renwick, Spring Creek, Picton, Seddon and Havelock)			0	0	0	100	
	Loans – No Lump Sum	Grovetown Sewerage				0	0	100	0
		Renwick Sewerage				0	0	100	0
		St Andrews Sewerage				0	0	100	0
	Riverlands	Riverlands Industrial (Tradewaste)		*		0	0	0	0

Commented [GB84]: Holding for cost recovery methodology decisions



Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %	
Water Supply: Combined Water Scheme (Separate Targeted Rates)	Blenheim, Havelock, Picton, Koromiko and Renwick	Capital	*	*	0	0	100	0	
		Metered			0	0	100	0	
		UAC			0	0	0	100	
	Seddon Water	Metered		*	*	0	0	100	0
		UAC				0	0	0	100
	Wairau Valley	Metered		*	*	0	0	100	0
		UAC				0	0	0	100
	Commercial Metered Water	Blenheim, Havelock, Picton, Picton Onsold, Renwick, Seddon and Wairau Valley				0	0	100	0
	Rural Awatere Water	Metered		*	*	0	0	100	0
		UAC				0	0	0	100
Riverlands Water	Metered		*				100		
Solid Waste Management	Blenheim/Picton (Residential) Refuse and Kerbside Recycling Collection (Separate targeted rates) and any additional areas for which the service is offered.				0	0	0	100	
	Blenheim/Picton (Residential) and Commercial/Industrial Refuse Collection (Separate targeted rates) and any additional areas for which the service is offered.				0	0	0	100	
	Sounds Area Waste Projects				0	100	0	0	
	Landfills, Transfer Stations, Waste Minimisation			*	*	0	100	0	0
Environmental Management	Environment Policy				80	20	0	0	
	Environment Science and Monitoring			*	*	80	20	0	0
	Resource Consents	Resource Consents		*		100	0	0	0
		Hearings		*		0	100	0	0
		Advocacy and Practice Integration				100	0	0	0
Environmental Protection			*		100	0	0	0	

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %	
Regulatory	Biosecurity	Biosecurity: Regional Pest Control	*	*	100	0	0	0	
		Bovine TB Control	*	*	100	0	0	0	
	Building Control	Building Control	*		100	0	0	0	
		LIM Section	*		100	0	0	0	
		Pool Inspection			0	0	0	100	
	Environmental Health		*		0	100	0	0	
	Animal Control	Dog Control		*	100	0	0	0	
		Other Animal Control		*	100	0	0	0	
	Harbours		*		100	0	0	0	
	Regional Development	Parking	Blenheim	*		100	0	0	0
Picton			*		0	100	0	0	
Economic Development					100	0	0	0	
Events					100	0	0	0	
Business Improvement District					0	0	100*	100**	
Marketing and Tourism					100	0	0	0	
Tourism (separate targeted rates)					0	0	0	100	
Research Centre					100	0	0	0	
Flaxbourne Irrigation		Capital – No Lump Sum			*	0	0	100	0
		Metered		*		0	0	100	0
Southern Valleys' Irrigation		Capital – No Lump Sum			*	0	0	100	0
		Metered		*		0	0	100	0
Other Developments					*	100	0	0	

\*\* Final % between separate targeted rate and separate targeted Uniform Annual Charge (UAC) will be determined following the approval of each Business Improvement District (BID) under Council's BID Policy and the subsequent referendum by affected ratepayers in each possible BID area. The sum percentage of targeted rate plus UAC will not exceed 100%.

Non-Group Activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %" "	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
Forestry		*		100	0	0	0
Land Development		*		100	0	0	0
Rental Housing		*		100	0	0	0
Commercial Leases		*		100	0	0	0
River Leases		*		100	0	0	0
MDC Holdings				100	0	0	0
Land Subdivision Reserve Grants		*		0	0	0	0
Agencies				0	0	0	100
Special Revenues				100	0	0	0
General Revenues (allocated on the basis of gross general-type rates and charges)		*		variable	variable	0	0

## 14. Changes to Existing Funding Policy

14.1 Following an in-depth review of its Revenue and Financing Policy, Council initiated a very few funding changes that will take effect from 1 July 2021.

The review included the following issues:

- Consideration of the background to the existing funding policies.
- A review of user charges.
- An examination of the provisions of the Local Government (Rating) Act 2002.
- The appropriateness of the existing geographic areas for levying general-type rates and charges.
- The advantages and disadvantages of using either Land Value or Capital Value for levying general-type rates. (The current system is based on property land values).

- Review of the “funding relationship weightings system” (see explanation of this in Terminology), to ensure that appropriate funding allocations are made to take account of the Financial Management considerations outlined in section 101 of the Local Government Act 2002.
- Consideration of the pre-amble to the Te Tura Whenua Maori Act 1993 which promotes the retention, and facilitation of the use, of land that is of special significance to Maori people, in the hands of its owners, their whanau, and their hapu, and to protect wahi tapu. A section has been added to the policy reflect this.
- The addition of a “Corporate” activity which amalgamates unallocated Overheads together with the General Revenue sources identified in Section 12 of this Policy.

14.2 The review of the “funding relationship weighting system” identified that no changes were required.

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Heritage  
Community Safety  
Memorials

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