Kaunihera | Council

Kaupapataka Wātea | Open Agenda






Notice is hereby given that an extraordinary meeting of Matamata-Piako District Council will be held on:

Ko te rā | Date:	**Wednesday 20 March 2024**
Wā | Time:	**9:00**
Wāhi | Venue:	**Council Chambers 35 Kenrick Street TE AROHA**

Ngā Mema | Membership

Manuhuia | Mayor

Adrienne Wilcock, JP (Chair)

Koromatua Tautoko | Deputy Mayor

James Thomas

Kaunihera ā-Rohe | District Councillors

Caleb Ansell
Sarah-Jane Bourne
Sharon Dean
Bruce Dewhurst
Dayne Horne
Peter Jager
James Sainsbury
Russell Smith
Kevin Tappin
Gary Thompson
Sue Whiting

Waea | Phone:	07-884-0060
Wāhitau | Address:	PO Box 266, Te Aroha 3342
Īmēra | Email:	governance@mpdc.govt.nz
Kāinga Ipuranga | Website:	www.mpdc.govt.nz

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1 Whakatūwheratanga o te hui | Meeting Opening

2 Ngā whakapāha/Tono whakawātea | Apologies/Leave of Absence

At the close of the agenda apologies were received from Cr Gary Thompson.

3 Whākī pānga | Declaration of Interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda

4 Whakaaetanga mēneti | Confirmation of Minutes

Minutes, as circulated, of the ordinary meeting of Matamata-Piako District Council, held on 13 March 2024

5 Pūrongo me whakatau | Decision Reports

5.1 Risk and Assurance Committee Report of 19 March 2024

CM No.: 2820526

Te Kaupapa | Purpose

The purpose of this report is to provide Council with an update from the Risk and Assurance Committee following its 19 March 2024 meeting.

Rāpopotonga Matua | Executive Summary

Risk and Assurance Committee Chairperson, Jaydene Kana, to provide an update to Council on the committee business, provide an overview of the minutes and any recommendations from the Risk and Assurance Committee meeting held on 19 March 2024.

Tūtohunga | Recommendation

That:

1. The information be received.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Stephanie Hutchins **Governance Support Officer**	

Approved by	Sandra Harris **Placemaking and Governance Team Leader**	

5 Pūrongo me whakatau | Decision Reports

5.2 Approval of Draft Fees and Charges 2024/25 for consultation

CM No.: 2833583

Te Kaupapa | Purpose

The purpose of this report is to seek Council approval of the draft Fees and Charges for 2024/25 for public consultation. The Statement of Proposal is attached and the Draft Fees and Charges is circulated separately to the agenda.

Rāpopotonga Matua | Executive Summary

Fees and Charges are reviewed and adopted by Council each financial year. Fees and Charges are required to align with the Revenue and Finance Policy, which is updated in line with the Long Term Plan. Council has reviewed the proposed changes to the Fees and Charges for the 2024/25 financial year while reviewing the budgets. Input from managers was requested, and incorporated where appropriate.

Tūtohunga | Recommendation

That:

1. **The report is received**

2. **Council adopts the Statement of Proposal for the Draft Fees and Charges 2024/25 for consultation.**

3. **Council adopts the proposed Draft Fees and Charges 2024/25 for consultation.**

Horopaki | Background

Each year Council reviews its fees and charges and consults on any proposed changes with the community. The proposed changes will be consulted on alongside the Long Term Plan 2024-34 and the Draft Revenue and Finance Policy.

Council reviewed the Long Term Plan 2024-34 budgets in depth, and managers were invited to propose key changes to their Fees at the Council workshop on 15 November 2023 and the 7 February 2024.

Changes were presented by staff to reflect Council's desire to increase the user pay element and reflect the actual cost for some activities. The proposed changes have also been made to align with the Draft Revenue and Finance Policy that is being developed for this Long Term Plan 2024-34.

Under the Local Government Act 2002 (LGA), Councils may increase some Fees and Charges to recover costs, but are not permitted to utilise Fees and Charges to make profit.

Some Fees and Charges are set by legislation, and have not been changed. These charges can be seen in the attachment to this report, which are noted as 'set by statue'.

Ngā Take/Kōrerorero | Issues/Discussion

The proposed Revenue and Finance Policy for 2024-34 sets out the ratio between funding from rates and funding from user pays. For some activities, the user pays element is being proposed to increase to ensure Council is able to recover costs. Notable proposed changes include:

- Cemeteries
- Community Venues
- Animal Control
- Building Consents and Monitoring
- Licensing and Enforcement
- Resource Consents and Monitoring
- Swimming Pools

Other Fees and Charges have had inflation (based on BERL Report) and rounding applied.

Mōrearea | Risk

The Fees and Charges form a key revenue source for a number of Council activities. Any change to the revenue from user fees will have a financial impact.

Ngā Whiringa | Options

Council can approve the proposed Fees and Charges for consultation with the community.

Option One – do not adopt the proposed Fees and Charges for consultation (existing fees remain in place)	
Description of option	
Council retains the existing fees and charges for the next financial year.	
Advantages	**Disadvantages**
There are no increases to the Fees and Charges; existing fee levels are retained.	The charges may not align with the Revenue and Finance Policy.
	Services and facilities may not be maintained to the current standard, as Council will not be able to recover the 'actual cost' of services.

Option Two – Adopt proposed Fees and Charges for consultation	
Description of option	
Council approves the proposed Fees and Charges for community consultation.	
Advantages	**Disadvantages**
The charges align with the Revenue and Finance Policy.	Some charges have increased to reflect the actual cost of services.
Services and facilities are able to be maintained to a good standard.	

Council is able to recover the 'actual cost' of services.	

Recommended option

Staff recommend Council proceed with **option 2.** The changes proposed ensures that Council's Fees and Charges reflect actual and reasonable costs in the current environment and community feedback has been incorporated.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Local Government Act 2002

Section 150

Under Section 150 of the Local Government Act 2002 (LGA) Council may prescribe fees or charges in the form of a bylaw made under the LGA or separately using the principles of consultation. In addition, other legislation such as the Resource Management Act 1991 (RMA) and Building Act 2004 provides Council with the ability to fix fees or charges relevant to certain administration purposes (such as processing resource consents).

Under Section 150(3) of the LGA, fees and charges maybe prescribed using bylaws or separately using the principles of consultation set out in section 82. Fees and charges provided for by other legislation must be carried out under section 83 of the LGA. Council has opted not to use bylaws to set fees and charges at this time. Therefore, consultation was undertaken.

Section 83

Where the LGA or any other legislation requires Council to use section 83, Council must ensure that the following:

- Statement of Proposal in regards to the fees and charges proposed including a summary of the information if necessary;
- A description of how the community can present their views to Council;
- A statement of the period within which views on the fees and charges may be provided to Council.

Several Fees and Charges are set by various Acts and legislation, and are not able to be increased by Council.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a high level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give	Options are addressed above in this report.

consideration to the reasonable practicable options available.	
Section 78 – requires consideration of the views of Interested/affected people	Interested and affected parties and individuals will be notified of the proposal and encouraged to make a submission.
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a high level of significance.
Section 82 – this sets out principles of consultation.	The proposed Fees and Charges will be consulted on with the community alongside the Long Term Plan 2024-34.

Policy Considerations

1. To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

A Communications Plan has been developed to ensure that the community is informed and has the opportunity to provide input.

The Special Consultative Procedure set by section 83 of the Local Government Act will be followed; incorporating the principles of consultation (section 82).

Timeframes

Key Task	Dates
Council adopt Fees and Charges for consultation	20 March 2024
Consult the community (alongside the Long Term Plan)	21 March – 21 April 2024
Council Hearing	8 May (9 May if needed) 2024
Adopt proposed Fees and Charges	26 June 2024
New Fees apply	1 July 2024

Ngā take ā-Ihinga | Consent issues

There are no consent issues.

te kaunihera ā-rohe o matamata-piako district council

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata Piako District Council's Community Outcomes are set out below:

<table>
<tr><td colspan="2">MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO | OUR PLACE</td><td colspan="2">MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI | STRATEGIC DIRECTION</td></tr>
<tr><td colspan="4">TŌ MĀTOU WHAKAKITENGA | OUR VISION
Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. 'The heart of our community is our people, and the people are the heart of our community.</td></tr>
<tr><td colspan="4">TŌ MĀTOU WHĀINGA MATUA | OUR PRIORITIES (COMMUNITY OUTCOMES)</td></tr>
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A place that embraces our environment</td><td>He wāhi whakapapa, he wāhi hangahanga | A place to belong and create</td></tr>
</table>

The proposed Fees and Charges contribute to all of the Community Outcomes.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The fees and charges set by Council are done on the basis of either total or partial cost recovery for certain services.

The proportion of costs intended to be recovered for any given activity is set out in Council's Revenue and Financing Policy. This in turn influences the level of fees set for a service. Changes to the level of fees charged for a service will impact Councils budgets (potentially increasing or decreasing revenue from this source).

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Olivia Picard **Graduate Policy Advisor**	

Approved by	Niall Baker **Policy Team Leader**	
	Erin Bates **Strategic Partnerships and Governance Manager**	
	Larnia Rushbrooke **Finance and Business Services Manager**	

5 Pūrongo me whakatau | Decision Reports

5.3 Approval of Draft Policies Rates Remission and Postponement Policy for consultation

CM No.: 2819155

Te Kaupapa | Purpose

The purpose of this report is to approve the draft 2024-34 Rates Remission and Postponement Policy and associated Statement of Proposal for consultation.

Rāpopotonga Matua | Executive Summary

Council's Rates Remission and Postponement Policy (Policy) sets out how and when Council can remit or postpone payment on rates. Council can only remit rates if they have adopted a rates remission policy under section 85 of the Local Government (Rating) Act 2002.

Remission of rates involves reducing the amount owing or waiving collection of rates altogether. Postponement of rates means that the payment of rates is not waived in the first instance but delayed for a certain time, or until certain events occur. The overall objective being to provide rates relief in situations to support both the fairness and equity of the rating system, and the overall wellbeing of the community.

This report recommends that Council adopt the draft 2024-34 Policy on the Remission and Postponement of Rates and associated Statement of Proposal for community consultation. Council are not proposing any major changes to the Policy apart from the removal of the policy on the remission of 2023/2024 targeted rates for kerbside collection. The objective of this policy was to ensure that the targeted rate for the 2023/2024 year was (in effect) charged to the rating units for the period that the service is available to them. This policy is no longer required and has been removed.

Additionally, minor amendments have been proposed to assist in clarity. These are noted in the tracked changes version of the policy.

Tūtohunga | Recommendation

That:

1. **The information be received.**

2. **Council approve the Statement of Proposal for the draft 2024-34 Rates Remission and Postponement Policy for consultation.**

3. **Council approves the draft 2024-34 Rates Remission and Postponement Policy (tracked change and clean copy version) for consultation.**

Horopaki | Background

Council's Rates Remission and Postponement Policy (Policy) sets out how and when Council can remit or postpone payment on rates. Council can only remit rates if they have adopted a rates remission policy under section 85 of the Local Government (Rating) Act 2002.

Remission of rates involves reducing the amount owing or waiving collection of rates altogether. Postponement of rates means that the payment of rates is not waived in the first instance but delayed for a certain time, or until certain events occur. The overall objective of remissions is to provide rates relief in situations to support both the fairness and equity of the rating system, and the overall wellbeing of the community.

In general, all ratepayers are expected to pay rates. However, rates postponement and remission policies allow Council to recognise financial or other special circumstances where ratepayers may require support to manage their rates payments. While there are some exceptions outlined in legislation, in general, all land is rateable. However, there may be circumstances where ratepayers need support to manage their rates. Councils can choose to provide for rates postponement or remit rates through policies stating the objectives and criteria for postponement or remission.

In setting and granting remissions, it is important to remember that any amount remitted then needs to be recovered from, or shared across other ratepayers.

In order to allow rates relief where it is considered fair and reasonable to do so, Council is required to adopt policies specifying the circumstances under which rates will be considered for remission. There are various types of remission, and the circumstances under which a remission will be considered for each type may be different. The conditions and criteria relating to each type of remission are set out in the various remissions policies.

Ngā Take/Kōrerorero | Issues/Discussion

Policy Content

1. Policy on the remission of rates on land protected for conservation purposes
2. Policy on the remission of penalties on unpaid rates
3. Policy on the remission of rates: other categories
4. Policy on remission of small rates balance
5. Policy on the remission of rates on Maori freehold land
6. Policy on the postponement of rates on Maori freehold land
7. Policy on remissions for metered water leaks
8. Policy on remissions of pan charge targeted rates based on water use
9. Policy on remissions of pan charge targeted rates for educational establishments
10. Policy on the remission of rates on abandoned land
11. Policy on the remission and postponement of rates for natural disasters and emergencies
12. ~~Policy on the remission of 2023/2024 targeted rates for kerbside collection (no longer required)~~

Policy Review

Policies on the Remission and Postponement of Rates must be reviewed at least every six years. Council can only remit rates if they have adopted a rates remission policy under section 85 of the Local Government (Rating) Act 2002.

Council last reviewed its Policy in 2023, and some changes were made to align with Council's kerbside collection service. Further minor amendments aligned the Policy with other Council documents in respect to deemed average household water consumption, and some further changes of a housekeeping nature.

In adopting the 2024-34 Long Term Plan, Council staff have completed a further review of Council policies on the remission and postponement of rates.

Council are not proposing any major changes to the Policy apart from the removal of the policy on the remission of 2023/2024 targeted rates for kerbside collection. The objective of this policy was to ensure that the targeted rate for the 2023/2024 year was (in effect) charged to the rating units for the period that the service is available to them. This policy is no longer required and has been removed.

Additionally, minor amendments have been proposed to assist in clarity. These are noted in the tracked changes version of the policy with red text and deletions are struck through.

This report recommends the Council adopt the draft Policy for consultation.

Mōrearea | Risk

No specific risks have been identified relating to the recommendations contained in this report.

Ngā Whiringa | Options

In order to be able to provide for the remission and/or postponement of rates, Council must adopt a policy under section 85 of the Local Government (Rating) Act 2002.

The following options are available to Council:

Option One – Status Quo; do not adopt the Policy for consultation as proposed	
This option allows for Council to NOT adopt the Policy for consultation as proposed.	
Council can choose not to adopt the Rates Remission and Postponement Policy for consultation. Therefore, the current Policy 2023-2031 would remain in effect.	
Advantages	**Disadvantages**
A policy would remain in place to allow Council to remit or postpone rates.	The Rates Remission and Postponement Policy would still include a policy around the remission of 2023/2024 targeted rates for kerbside collection which is no longer required.
	The community would not be able to provide feedback on the Policy for Council's consideration.

Option Two – Revoke current Policy	
This option allows for Council to revoke the current Policy	
Council can choose to revoke the current Rates Remission and Postponement Policy. This means that Council would not have a policy and would be unable to remit or postpone rates.	
Advantages	**Disadvantages**
No one would be eligible for a rates remission, however Council may collect more in rates and penalties on late payments.	No one would be eligible for a rates remission, removing the ability to remit rates in certain circumstances where it would otherwise be reasonable to do so.
	Revocation of certain policies would be in breach of our role under section 102 of the Local Government Act 2002 that states that we are required to adopt a policy on the remission and postponement of Māori freehold land.

Option Three – Adopt the draft Policy with minor amendments for consultation	
This option allows for Council to adopt the draft Policy for consultation with the community	
Council can choose to adopt the draft 2024-2034 Rates Remission and Postponement Policy for consultation as attached to this report.	
Advantages	**Disadvantages**
The policy on the remission of 2023/2024 targeted rates for kerbside collection is proposed to be removed as it is no longer required.	None identified.
A policy would remain in place to allow Council to remit or postpone rates.	
The community will have the opportunity to provide feedback and contribute to the decision-making process.	
Following consultation, Council can choose to make amendments to the draft Policy following community feedback.	

Option Four – Adopt the draft Policy with further amendments for consultation	
This option allows for Council to suggest further amendments be made prior to adopting the draft Policy for consultation with the community	
Council may identify further amendments required to the draft 2024-2034 Rates Remission and Postponement Policy prior to community consultation.	
Advantages	**Disadvantages**
This option allows Council to identify any further amendments that may be required to the draft 2024-2034 Rates Remission and Postponement Policy prior to community consultation.	No disadvantages identified.

Recommended option

The preferred option is **option three –** Council adopt the draft 2024-2034 Rates Remission and Postponement Policy for consultation as per the recommendations of this report. Council indicated at the workshops it was comfortable with the provisions contained in the draft Policy and supported the proposal to remove the policy on the remission of 2023/2024 targeted rates for kerbside collection as this is no longer applicable.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Council can only remit rates if they have adopted a rates remission policy under section 85 of the Local Government (Rating) Act 2002. Other legislation that applies is:

Section 102 provides for Council to consult on a draft policy or amend an existing policy in accordance with section 82 of the Local Government Act 2002. Consultation is required a manner that gives effect to the requirements of section 82.

- Policy on the remission of rates: other categories - *Section 20 of the Local Government (Rating) Act 2002 states that Council must treat two or more rating units as one if they are owned by the same person(s), used as one unit, are contiguous or separated only by road, rail, drain, water race, river, or stream.*
- Policy on the remission of rates on Maori freehold land - *Statutory requirement under section 114 of the Local Government (Rating) Act 2002.*
- Policy on the postponement of rates on Maori freehold land - *Statutory requirement under section 115 of the Local Government (Rating) Act 2002*.

The Local Government (Rating of Whenua Māori) Amendment Act 2021
The Local Government (Rating of Whenua Māori) Amendment Act 2021 came into force in 2021. Among other things it:

a) expanded the purpose of the Local Government (Rating) Act 2002 to include facilitating the administration of rates in a manner that supports the principles set out in the Preamble to Te Ture Whenua Māori Act 1993;
b) expanded non-rateability to unused rating units of Māori freehold land;
c) introduced a statutory remission for Māori freehold land under development;
d) requires a council's policy on the remission and postponement of rates on Māori freehold land to support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993, by 1 July 2022.

The principles in the preamble are wide ranging. The most relevant to local government are:
"And whereas it is desirable to recognise that land is a taonga tuku iho of special significance to Māori people and, for that reason, to promote the retention of that 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".

The inclusion of a policy on the remission and postponement of rates on Māori freehold land was included in Council's Rates Remission and Postponement Policy following consultation undertaken in May 2023.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the Local Government Act 2002 and Councils Significance and Engagement Policy, a decision in accordance with the recommendations is assessed as having a medium-low level of significance.

Whilst the Policy forms a critical part of Council's rating system and supports the Council's overall purpose and the achievement of community outcomes, previous submissions have demonstrated a low level of interest in the Policy. 11 submissions were received when the Council last consulted on its Policy in 2023. There was a mix of views received, many of which related to the new kerbside collection service.

As minimal changes are proposed following this review, it is determined that the Policy will attract a low level of public interest. However, the Policy directly affects those people/properties for which will have their rates remitted and a targeted approach to consultation is planned. Out of District ratepayers will also need to be considered, as both occupiers and owners are affected by the Policy.

It is considered that the Policy may be of interest to Māori/iwi organisations as a policy is included that addresses the remission and postponement of rates on Māori freehold land (this policy was included following consultation in May 2023).

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the Local Government Act 2002. This includes any decision not to take any action.

Section 102 of the Local Government Act 2002 provides for Council to consult on a draft policy or amend an existing policy in accordance with section 82 of the Local Government Act 2002. Consultation will be conducted in a manner that gives effect to the requirements of section 82.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	Options are addressed above in this report.
Section 78 – requires consideration of the views of Interested/affected people	Council will share the draft Policy with groups/individuals that it considers will be affected or who may have an interest in the relevant issues and will give due consideration to the views and preferences received through the consultation process.
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a medium-low level of significance.
Section 82 – this sets out principles of consultation.	Consultation will give effect to section 82 of the LGA which includes the following principles: (a) Persons who will or may be affected by, or have an interest in, the decision or matter should be provided with reasonable access to relevant information in a manner and format that is appropriate to their preferences and needs. (b) Persons who will or may be affected by, or have an interest in, the decision or matter should be encouraged to present their views to Council. (c) Persons who are invited or encouraged to present their views to Council should be given clear information concerning the purpose of the consultation and the scope of the decisions to be taken following the consideration of views presented. (d) Persons who wish to have their views on the decision or matter considered by Council should be provided with a reasonable opportunity to present those views to the local authority in a

	manner and format that is appropriate to their preferences and needs. (e) Views presented to Council should be received with an open mind and should be given due consideration. (f) Persons who present views to the Council should have access to a clear record or description of relevant decisions made by Council and explanatory material relating to the decisions.

Policy Considerations

To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

Pursuant to section 82 of the Local Government Act 2002, consultation that Council undertakes in relation to any decision or other matter must be undertaken in accordance with certain principles in mind. This includes allowing those have an interest in, or are affected by a decision to be given the relevant information and encouraged to present their views to Council.

Where Council is required to consult in accordance with section 82 it must make the following publicly available:

- the proposal and reasons for the Policy.
- an analysis of the reasonably practicable options identified,
- a draft document of the Policy.

Refer to attachments for the Statement of Proposal and the draft Policies which addresses these requirements.

It is proposed to use a range of communication tools to encourage the community to take part in the consultative process. Māori/iwi organisations and those who have submitted on the Policies previously will be contacted to inform them of the opportunity to provide feedback.

Timeframes

The below table sets out key dates for the consultation process:

Key Task	Dates
Draft Policy and Statement of Proposal approved for consultation **- Council meeting**	13 March 2024
Public consultation/engagement period	20 March to 21 April 2024
Hearings of submitters **- Council meeting**	8 May 2024 9 May 2024 (if required)

Deliberations/decision making - **Council meeting**	29 May 2024
Adoption of Policy - **Council meeting**	26 June 2024
New Policy applicable	1 July 2024

Ngā take ā-Ihinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata Piako District Council's Community Outcomes are set out below:

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<tr><td colspan="2">MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO | OUR PLACE</td><td colspan="2">MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI | STRATEGIC DIRECTION</td></tr>
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Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. 'The heart of our community is our people, and the people are the heart of our community.</td></tr>
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A place that embraces our environment</td><td>He wāhi whakapapa, he wāhi hangahanga | A place to belong and create</td></tr>
</table>

The community outcome relevant to this report are as follows:

- He wāhi puawaitanga | A place to thrive

The Policy supports economic wellbeing of communities by providing opportunities for rates remissions and postponement in certain circumstances. The overall objective is to provide rates relief in situations to support both the fairness and equity of the rating system, and the overall wellbeing of the community.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

A consultation process to amend the Policy is required. The associated costs of this include the placement of public notices and staff costs in supporting the submissions and hearings process.

Ngā Tāpiritanga | Attachments

A⇩. Draft Statement of Proposal Rates Remission and Postponement Policy for approval for consultation

B⇩. Draft Rates Remission and Postponement Policy for approval for consultation (Tracked changes)

C⇩. Draft Rates Remission and Postponement Policy (Clean Copy)

Ngā waitohu | Signatories

Author(s)	Niall Baker **Policy Team Leader**	
	Laura Hopkins **Policy Advisor**	

Approved by	Erin Bates **Strategic Partnerships and Governance Manager**	

te kaunihera ā-rohe o
matamata-piako
district council

DRAFT Rates Remission and Postponement Policy

Statement of Proposal

DRAFT FOR CONSULTATION

Introduction

This is a proposal to review Council's Rates Remission and Postponement Policy (Policy). The Policy is formed under section 102 and 109 of the Local Government Act 2002 (LGA) and section 85 of the Local Government (Rating) Act 2002.

Council is consulting on this Policy in accordance with section 82 of the Local Government Act 2002 (LGA). This section of the LGA sets out the principles for consultation that we must follow.

We are asking the community for submissions to assess support/objections so that feedback can be considered and if necessary amendments made, before the Policy is adopted.

Background

Council's Rates Remission and Postponement Policy (Policy) sets out how and when Council can remit or postpone payment on rates. Council can only remit rates if they have adopted a rates remission policy under section 85 of the Local Government (Rating) Act 2002.

Remission of rates involves reducing the amount owing or waiving collection of rates altogether. Postponement of rates means that the payment of rates is not waived in the first instance but delayed for a certain time, or until certain events occur. The overall objective is to provide rates relief in situations to support both the fairness and equity of the rating system, and the overall wellbeing of the community.

We are required by legislation to review our Policy at least every six years (The Policy was last reviewed in 2023). Reviewing the Policy more regularly allows for changing requirements of both Council and the community to be included.

What is included in the Policy?

The Policy provides Council with the legislative authority to fairly and consistently remit rates or penalties on rates, or to allow for the postponement on payment of rates in situations it has deemed appropriate. Council's Rates Remission and Postponement Policy contains the following

1. Policy on the remission of rates on land protected for conservation purposes
2. Policy on the remission of penalties on unpaid rates
3. Policy on the remission of rates: other categories
4. Policy on remission of small rates balance
5. Policy on the remission of rates on Maori freehold land

6. Policy on the postponement of rates on Maori freehold land
7. Policy on remissions for metered water leaks
8. Policy on remissions of pan charge targeted rates based on water use
9. Policy on remissions of pan charge targeted rates for educational establishments
10. Policy on the remission of rates on abandoned land
11. Policy on the remission and postponement of rates for natural disasters and emergencies

Are we proposing any changes to the Policy?

Council are not proposing any major changes to the Policy apart from the removal of the policy on the remission of 2023/2024 targeted rates for kerbside collection. This was included in 2023 as a result of the new kerbside collection service introduced from September 2023. This ensured that the targeted rate for the 2023/2024 year was only charged to properties where the kerbside collection service was available to them. This policy is no longer required and has been removed.

We want to know from you if you think any changes are required to meet the needs of the community.

Analysis of reasonably practicable options

Council has considered the following options in reviewing the Policy and we would like to hear your feedback on what we should do:

<u>Option 1 – Adopt the draft Policy</u>
Council would adopt the Policy as it has been proposed.

Advantages	Disadvantages
The public are more likely to be familiar with the current Policy.	Removing the policy on the remission of 2023/2024 targeted rates for kerbside collection would not be removed. This would not reflect current circumstances.
Remissions/postponements remain the same and property owners may have come to expect that these would continue.	
The policy on the remission of 2023/2024 targeted rates for kerbside collection will be removed as it is no longer required	

<u>Option 2 – Adopt the Policy with changes after public consultation</u>
The Policy would change to reflect public consultation.

Advantages	Disadvantages
Changes may better reflect current circumstances.	Rates remission/postponement entitlements may change for some property owners.

<u>Option 3 – Revoke the Policy</u>
Council would revoke all or some of the Policies.

Advantages	Disadvantages
No one would be eligible for a rates remission, however Council may collect more in rates and penalties on late payments.	No one would be eligible for a rates remission, removing the ability to remit rates in certain circumstances where it would otherwise be reasonable to do so.
	Revocation of certain policies would be in breach of our role under section 102 of the Local Government Act 2002 that states that we are required to adopt a policy on the remission and postponement of Māori freehold land.

Statutory Requirements

Under section 102 of the Local Government Act 2002 Council must adopt a policy on the on the remission and postponement rates and must adopt a policy on the remission and postponement of rates on Māori freehold land. Section 102 is detailed below:

102 Funding and financial policies

(1) A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies listed in subsection (2).

(2) The policies are—

(a) a revenue and financing policy; and
(b) a liability management policy; and
(c) an investment policy; and
(d) a policy on development contributions or financial contributions; and
(e) a policy on the remission and postponement of rates on Māori freehold land; and
(f) in the case of a unitary authority for a district that includes 1 or more local board areas, a local boards funding policy.

(3) A local authority may adopt either or both of the following policies:
(a) a rates remission policy:
(b) a rates postponement policy.

In reviewing these Policies, we must do so giving effect to section 82 of the Local Government Act - principals of consultation.

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Have your say

Whether you agree, oppose or you have suggestions on things we could change for this proposal or any other proposal, we want to hear from you.

You can make a submission between 20 March and 21 April 2024.

For more information about this proposal, and to see what else we are consulting on, go to **mpdc.govt.nz/ltp**

Making a submission

Go to **mpdc.govt.nz/ltp** to fill out the online form

Drop off form: Any Council office

Mail to: PO Box 266, Te Aroha 3342

Email: info@mpdc.govt.nz

Head to **mpdc.govt.nz/ltp** to make a submission and have your say by 21 April 2024

Please be aware that submissions made to Council are public information. Your submission will be used and reproduced for purposes such as reports to Councillors, which are made available to the public and media.

Key Dates

Council adopt proposal for community consultation	13 March 2024
Submission period	20 March – 21 April 2024
Community present submissions to Council	8 May (9 May if needed) 2024
Proposal is adopted	26 June 2024
New Rates Remission and Postponement Policy applies	1 July 2024

te kaunihera ā-rohe o matamata-piako district council






Matamata-Piako District Council

DRAFT Rates Remission and Postponement Policy 2024-2034

For Approval by Council 13 March 2024 For consultation

Adopted X 2024

Department	**Strategic Partnerships and Governance**
Policy Type	**External**
CM Reference	**TBC**
Council Resolution Date	**TBC**
Policy Effective From	**TBC**
Engagement Required	**Section 82 (Local Government Act 2002)**
Policy Supersedes	**Policies on the Remission and Postponement of Rates 2023-2031**
Review Frequency	**Every six years**
Next Review Date	**TBC**

Contents

~~**Introduction**~~

~~The Policies on the Remission and Postponement of Rates contains all our policies regarding the remission and postponement of rates including our:~~

~~1. Policy on the remission of rates on land protected for conservation purposes.~~
~~2. Policy on the remission of penalties on unpaid rates.~~
~~3. Policy on the remission of rates: Other categories.~~
~~4. Policy on the remission of small rates balances.~~
~~5. Policy on the remission of rates on Māori freehold land.~~
~~6. Policy on the postponement of rates on Māori freehold land.~~
~~7. Policy on remissions for metered water leaks.~~
~~8. Policy on remissions of pan charge targeted rates based on water use.~~
~~9. Policy on remissions of pan charge targeted rates for Educational Establishments.~~
~~10. Policy on remission of rates on abandoned land.~~
~~11. Policy on the remission and postponement of rates for natural disasters and~~
~~12. emergencies.~~
~~13. Policy on the remission of 2023/2024 targeted rates for kerbside collection~~
~~14. Council delegates the authority to implement these policies to the Chief Executive Officer.~~

~~The Chief Executive Officer may sub-delegate this role to any other council officer.~~

1. Part 1 – ~~Policy on the~~ Remission of rates on land protected for conservation purposes

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

This part is required to provide the legislative authority to grant rates remissions to landowners who have protected land for conservation purposes in perpetuity.

Objectives

The objectives are to:

- help landowners who have voluntarily protected areas of significance; and
- ensure that these areas remain protected.

Criteria and conditions

Sites that will qualify for remissions must be identified in at least one of the following:

a. District Plan - Schedule 3 - Outstanding or Significant Natural Features and Trees and Other Protected Items.

b. District Plan – Planning Maps – Kaitiaki Zone.

c. Our register of Significant Natural Features.

d. Any area that has any other type of formal protection method in place (e.g. a covenant under the Queen Elizabeth the Second National Trust Act 1977 on the title).

We will determine the amount of any remission at our discretion and will be guided by:

- the remission methods specified in the Significant Natural Features Policy; and
- the funding available through the Long Term Plan and/or the Annual Plan.

2. Part 2 – ~~Policy on the~~ Remission of penalties on unpaid rates

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

Objectives

The objectives ~~of this policy~~ are to provide an efficient, transparent and fair framework for the remission of penalties, taking account of:

- the specific circumstances of the individual; and
- the interests of all ratepayers.

Criteria and conditions

Penalties on unpaid rates may be remitted where:

a. we have not issued a rates assessment and/or invoice as required under the Local Government (Rating) Act 2002; or
b. it can be substantiated that a ratepayer has been disadvantaged in the delivery of a rates assessment and/or invoice. Substantiation shall consist of some form of tangible evidence such as undelivered mail being returned to Council; or
c. the ratepayer pays the rates through electronic banking and makes an error in the transaction; or
d. a formalised and approved rate payment arrangement has been complied with. Only those penalty charges incurred since commencement of the arrangement will be considered for remission; or
e. those who wish to pay their rates in full, and do so within one month of the issue date of the first instalment penalty charge notice or a monthly direct debit is in place and being honoured;
f. the ratepayer:
    - provides a written explanation why payment could not be made by the due date; and
    - the explanation is considered reasonable, and
    - the ratepayer has not received a rates remission within the last three years, and
    - the ratepayer has not incurred more than three penalties within the last three years, and
    - there are no overdue rates outstanding (excluding the penalty remission application).

No further applications under this ~~section~~ part of the policy will be considered within the next three years, except on extraordinary grounds.

All applications for remission must be made in writing.

Applicants that are declined a remission under delegated authority may submit an appeal to Council.

3. Part 3 – ~~Policy on the~~ Remission of rates – other categories

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

Objectives

The objectives are to provide Council with the ability to grant rates relief for land (except service charges) that qualifies for:

- a statutory rates remission;
- has a capital value of less than $3,000 (inclusive of GST if applicable); or
- has a land value of greater than $1 and less than $500 (inclusive of GST if applicable); or
- is a cemetery that exceeds two hectares (cemeteries less than two hectares are non-rateable).

Criteria and conditions

Service Charges

Council may remit rates for service charges (i.e. water supply, sewage and refuse disposal, and stormwater) where the application meets the following criteria:

a. the rates are for land that is owned or used by a society or association of persons for games or sports (excluding galloping races, harness races and greyhound races) except for rates due for any area covered by an alcohol licence

b. the rates are for land owned or used by a society incorporated under the Agricultural and Pastoral Societies Act 1908 as a showground or place of meeting

c. the rates are for land owned or used by a society or association of persons (whether incorporated or not) for the purpose of any branch of the arts

d. half service charges for Council owned land which is non rateable under section 8 and schedule 1 of the Local Government (Rating) Act 2002 and where no services (as defined above) are provided or contemplated.

In the case of clauses a) to c) above, a maximum remission of 50% is available and in the case of clause d) above, a full remission is available.

Properties that are eligible for a full remission of rates

a. Properties with a capital value of less than $3,000 (inclusive of GST)

b. has a land value of greater than $1 and less than $500 (inclusive of GST if applicable). These are generally small areas of land used for utility purposes or similar.

c. Land used or set aside for cemetery purposes that has an area greater than two hectares.

4. Part 4 – ~~Policy on the~~ Remission of small rates balances

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

Objectives

The objective is to save ~~Council~~ the costs of collecting rates of uneconomic value.

Criteria and conditions

To qualify for remission under this part of the policy, the rating unit must have a balance of less than one dollar ($1.00) (inclusive of GST) owing at the time of assessing or invoicing a rate.

Process

Council will at its discretion remit any outstanding rates balance of less than one dollar ($1.00) (inclusive of GST) on a quarterly basis.

5. Part 5 – ~~Policy on the~~ Remission of rates on Māori freehold land

This part of the policy is prepared pursuant to sections 102 and 108 of the Local Government Act 2002 and section 114 of the Local Government (Rating) Act 2002.

We have considered the matters set out in Schedule 11 of the Local Government Act 2002 and how this policy supports the principles set out in the Preamble to Te Ture Whenua Maori Act 1993.

Māori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by the Māori Land Court by freehold order. Only land that is the subject of such an order may qualify for remission under this part of the policy.

Objectives

The objectives ~~of this policy~~ are:

- to contribute to the fair and equitable collection of rates from all sectors of the community. We recognise that certain Māori lands have particular conditions or circumstances which make it appropriate to provide relief from rates
- to put in place a means of providing relief on rating for Māori land pursuant to section 108 of the Local Government Act 2002 by way of rate remission
- to recognise situations where a person or owner is only gaining an economic or financial benefit from part of the land
- to recognise matters related to the physical accessibility of the land
- to recognise and take account of the presence of wahi tapu that may affect the use of the land for other purposes
- To recognise and take account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing.

Note that application of the Mangatu decision to discount values will likely provide some relief also.

Principles

The principles used in establishing this part of the policy are:

a. that as defined in section 91 of the Local Government (Rating) Act 2002, Māori freehold land is liable for rates in the same manner as general land

b. we are required to consider whether our policy on remission of rates on Māori freehold land will provide for the remission of rates.

c. Those set out in the Preamble to Te Ture Whenua Maori Act 1993.

d. the community benefits through the efficient collection of rates and the removal of rating debt that is non collectable

e. that applications for relief meet the criteria in this policy

f. that the policy does not provide for the permanent remission or postponement of rates on the property concerned.

Conditions and criteria

We will maintain a register called the 'Māori freehold land rates relief register' (the register). This will record properties that have had rates remitted under this part of the policy. Applications for land to be added to the register should be made in writing prior to commencement of the next rating year. Applications made after commencement of the rating year may be accepted at our discretion.

Owners or trustees making application should include the following information in their applications:

- details of the property
- the objectives that will be achieved by providing a remission
- documentation proving that the subject land is Māori freehold land.

We will review the register annually (or on a more regular basis at our discretion). We may, at our discretion, add properties to the register where Council makes an application on the owners or trustees behalf and we consider that the conditions and criteria of the policy are met.

We may also determine that properties no longer comply either fully or in part with the conditions and criteria on which the application for relief was granted. In such a case, we may either remove the property from the register or reduce the extent of the relief from the start of the next rating year.

We will consider granting a remission of rates on property where any one or more of our policy objectives will be met.

Remissions (up to 100%) can apply to all rates except targeted rates for:

- water supply
- wastewater
- stormwater
- kerbside collection or
- rural halls.

Any relief granted and the extent of that grant is at our sole discretion. This will consider where the rating value is significantly in excess of the economic value arising from the actual use of the property.

6. Part 6 – ~~Policy on the~~ Postponement of rates on Māori freehold land

This part of the policy is prepared pursuant to sections 102 and 108 of the Local Government Act 2002 (LGA) and section 115 of the Local Government (Rating) Act 2002 and how this policy supports the principles set out in the Preamble to Te Ture Whenua Maori Act 1993.

Council has considered the matters set out in Schedule 11 of the LGA.

Māori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by the Māori Land Court by freehold order. Only land that is the subject of such an order may qualify for postponement under this part of the policy.

Objectives

The objectives are:

- to contribute to the fair and equitable collection of rates from all sectors of the community. We recognise that certain Māori lands have particular conditions or circumstances that make it appropriate to postpone rates; and
- to put in place a means of providing relief on rating for Māori land pursuant to section 108 of the Local Government Act 2002 by way of postponement of rates; and
- encourage the economic development of the land by a new occupier, where there are rate arrears that are, in the Council's opinion, recoverable; and
- facilitate the development and economic use of land where it is considered that utilisation would be uneconomic if full rates are required to be paid during the period in which plans for development are being actively prepared.

Principles

The principles used in establishing this part of the policy are:

a. that as defined in section 91 of the Local Government (Rating) Act 2002, Māori freehold land is liable for rates in the same manner as general land

b. we are required to consider whether our policy on the postponement of rates on Māori freehold land will provide for the postponement of rates

c. those set out in the Preamble to Te Ture Whenua Maori Act 1993

d. that applications for postponement meet the criteria we have set

e. that the policy does not provide for the permanent postponement of rates on the property concerned.

Conditions and criteria

Applications for postponement of rates should be made in writing prior to commencement of the next rating year. Applications made after commencement of the rating year may be accepted at our discretion.

Owners or trustees should include the following information in their application:

- details of the property
- the objectives that will be achieved by providing a remission

- documentation proving that the subject land is Māori freehold land.

Any postponement granted and the extent of the grant is at our sole discretion.

No postponement will be granted on targeted rates for:

- water supply
- wastewater
- stormwater
- kerbside collection or
- rural halls.

7. Part 7 – ~~Policy on~~ Remission of metered water leaks

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

Objectives

The objective ~~of this policy~~ is to allow Council to provide some relief to metered water users from extraordinarily high charges as a result of a water leak when there is evidence that the required repairs have been carried out within thirty (30) days of written notification of the high water consumption to the owner.

Principles

The principles used in establishing this part of the policy are:

- that the responsibility of water leaks between the water outlet (e.g. house, trough) and the water meter is ultimately the owners' and any water rates remitted will be a cost to other water users
- that property owners should take action within a reasonable period of time to avoid wasting our water resource.

Conditions and criteria

We may consider granting relief where:

a. we have received satisfactory evidence that there has been a water leak; and

b. the property owner has repaired the leak within the policy timeframe; and

c. we have received written application for relief. The request must be accompanied by a registered plumber's invoice or other suitable evidence that a significant leak was discovered (minimal amounts will not be considered), where the leak was located, and that it has been fully rectified.

We will calculate the volume of water lost based on the total water consumption for the particular period less the average period water consumption over the previous two years.

The relief for water leakage (excluding normal consumption) will be 50% of the water rates attributable to the leakage.

Any relief granted under this part of the policy is limited to one application within any three-year period for any particular meter.

8. Part 8 – ~~Policy on~~ Remission of pan charge targeted rates based on water use

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

Objectives

The objective ~~of this policy~~ is to provide a transparent, fair and more effective user pays targeted rate for wastewater, taking account of:

- the specific circumstances of the rateable property; and
- the interests of all ratepayers.

Principles

The principles used in establishing this part of the policy are:

a. we have applied a targeted rate to all rateable properties connected to the wastewater supply based on the number of pans in each rating unit

b. pursuant to clause 12, schedule 3, of the Local Government (Rating) Act 2002 all single residential rateable properties can only be charged for one pan

c. we recognise the number of pans may not necessarily equate to the volume of discharge to the wastewater network

d. we recognise a correlation between the consumption of water and volume of wastewater discharged

e. currently the average water consumption per single residential rateable property is deemed to be 252 cubic metres of water per annum. This is a Household Equivalent Unit (HEU)

f. the most accurate way to measure water consumption is by a water meter, however not all properties currently have a meter installed

g. despite the number of pans, some properties are considered to have a low-impact on the wastewater network. To avoid the unnecessary expense of installing a water meter to these ratepayers, we will assess the number of HEUs applicable per rating unit by comparing them to similar properties that have a water meter

h. in assessing the number of HEUs, the number will be rounded up to the next whole unit

i. the HEU may be periodically reviewed

j. this remission does not apply to schools or educational establishments. See the separate policy on remissions of pan charge targeted rates for educational establishments that follows.

Conditions and criteria

<u>Properties with an existing water meter</u>

a. The rateable property must have six months (or more) of historical water consumption information to enable assessment of HEUs.

b. The remission will be the difference between the actual number of pans and the number of HEUs based on historical water consumption
c. The HEU will be reassessed annually based on the consumption for the year and an adjusted remission will be applied from 1 July one calendar year later.

For the avoidance of doubt, rateable properties with a meter cannot elect to be assessed for a remission on the same basis as a rateable property without a water meter.

<u>Properties without an existing water meter</u>

a. We will assess the number of HEUs applicable per rateable property by comparing the current use of this property with a metered property of similar use.
b. The remission will be the difference between the actual number of pans and the assessed HEU.
c. Alternatively, to a and b above, the ratepayer can apply to have a water meter installed. Installation must be completed before 1 October in any rating year, so as to allow six months of consumption data to reassess the remission during the final quarter. The cost of the water meter and its installation will be at the applicant's expense.
d. Any amended remission as a result of the water meter data will be processed during the final quarter of the rating year.

For the avoidance of doubt, rateable properties once fitted with a meter cannot then elect to be assessed for a remission on the same basis as a rateable property without a water meter.

9. Part 9 – ~~Policy on~~ Remission~~s~~ of pan charge targeted rates for educational establishments

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

Objectives

The objective of this policy is to provide a transparent, fair and more effective user pays targeted rate for wastewater, taking account of the specific circumstances of educational establishments.

Principles

The principles used in establishing this part of the policy are:

- This policy applies to schools and educational establishments as defined in Schedule 1, Part 1, clause 6(b) of the Local Government (Rating) Act 2002. It specifically excludes schools and early childhood centres that operate for profit.
- We consider the nationally used 'Donnelly Formula' (one pan per twenty students/staff) as a fair basis for providing remission to educational establishments.
- We have applied a targeted rate to all educational establishments connected to the wastewater supply based on the number of pans calculated using the 'Donnelly Formula'.
- We recognise the number of pans may not necessarily equate to the volume of discharge to the wastewater network.
- We recognise a correlation between the consumption of water and volume of wastewater discharged.
- Currently the average water consumption per single residential rateable property is deemed to be 252 cubic metres of water per annum. This is a Household Equivalent Unit (HEU).
- The most accurate way to measure water consumption is by a water meter, however not all educational establishments currently have a meter installed.
- Despite the number of pans calculated using the 'Donnelly Formula', some educational establishments are considered to have a low impact on the wastewater network. To avoid the unnecessary expense of installing a water meter to these, we will assess the number of HEUs applicable per rateable property by comparing them to other educational establishments with a similar roll/staff numbers.
- The school roll used to calculate the 'Donnelly Formula' will be as advised annually by the Ministry of Education and will be applied from the following 1 July.
- In assessing the number of HEUs, the number will be rounded up to the next whole unit.
- The HEU may be periodically reviewed.

Conditions and criteria

Educational establishments with an existing water meter

a. The rateable property must have six months or more historical water consumption information to enable assessment of HEUs.

b. The remission will be the difference between the number of pans assessed using the 'Donnelly Formula' and the HEU based on historical water consumption.

c. The HEU will be reassessed annually based on the consumption for the year and an adjusted remission will be applied from 1 July one calendar year later.

d. For the avoidance of doubt, rateable properties with a meter cannot elect to be assessed for a remission on the same basis as a rateable property without a water meter.

Educational establishments without an existing water meter

a. We will assess the number of HEUs applicable per rateable property by comparing the current use of this property with a metered property of similar use.

b. The remission will be the difference between the number of pans calculated using the 'Donnelly Formula' and the assessed HEU.

c. Alternatively, to a and b above, the educational establishment can apply to have a water meter installed. Installation must be completed before 1 October in any rating year, so as to allow six months of consumption data to reassess the remission during the final quarter. The cost of the water meter and its installation will be at the applicant's expense. Any amended remission as a result of the water meter data will be processed during the final quarter of the rating year.

d. For the avoidance of doubt, rateable properties once fitted with a meter cannot then elect to be assessed for a remission on the same basis as a rateable property without a water meter.

10. Part 10 – ~~Policy on~~ Remission of rates on abandoned land

Objectives

The objective~~s of this policy are~~ is to enable administration costs ~~where it is unlikely that rates assessed on an abandoned rating will ever be collected~~ to be avoided where it is unlikely that rates assessed on an abandoned rating unit will ever be collected.

Conditions and criteria

Where any rating unit meets the definition of abandoned land as prescribed in section 77(1) of the Local Government (Rating) Act 2002 and that land is unable to be sold using the authority provided in sections 77-83, then all rates will be remitted on an annual basis.

11. Part 11 – ~~Policy on the~~ Remission and postponement of rates for natural disasters and emergencies

Objectives

In the event of a natural disaster or other type of emergency affecting the capacity of one or more rating units to be used for an extended period of time, Council may remit or postpone all or part of any rate or charge where it considers it fair to do so.

Conditions and criteria

The Council may, on written application from the ratepayer of a rating unit affected by a natural disaster or emergency, remit or postpone all or part of any rate or charge levied where:

- A natural disaster or emergency affects one or more rating units' capacity to be inhabited, used or otherwise occupied for an extended period of time; and
- The Council considers it is fair to grant a remission in the circumstances.

At its sole discretion, Council will determine by resolution whether a specific event constitutes a natural disaster or emergency for the purposes of applying this policy. Council will determine the criteria for the remission or postponement at the time of the resolution, and those criteria may change depending on the nature and severity of the event and available funding at the time.

Each application will be considered on its merits and remission or postponement of all or parts of the rates payable may be granted where it is considered just and equitable to do so. Remissions or postponements approved under this policy do no set a precedent and will be applied for each specific event and only to properties directly affected by the event.

12. Part 12 – Delegations

Council delegates the authority to implement this policy to the Chief Executive Officer. The Chief Executive Officer may sub-delegate this role to any other council officer.

~~**Policy on the remission of 2023/2024 targeted rates for kerbside collection**~~

~~This policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.~~

~~A new kerbside collection contract will commence during the first quarter of the 2023/2024 financial year.~~

~~From September 2023, the kerbside collection service will no longer be available to rating units within the central business, commercial and industrial areas. These properties will be included in the defined serviced areas for the purpose of setting the targeted rate for kerbside collection at 1 July 2023.~~

~~In addition, from September 2023, the kerbside collection service will be available to properties previously excluded from the serviced collection area including a number of private roads, lanes and right-of-ways. These properties will be included in the defined serviced areas for the purpose of setting the targeted rate for kerbside collection at 1 July 2023.~~

~~**Objectives**~~

~~The objective of this policy is to ensure that the targeted rate for kerbside collection for the 2023/2024 year is only (in effect) charged to the rating units for the period that the service is available to them.~~

~~**Criteria and conditions**~~

- ~~a. All rating units that have a change in provision of the kerbside collection service during 2023/2024 (i.e. the service is no longer provided or the service is newly available) will have a portion of the kerbside collection targeted rate automatically remitted.~~
- ~~b. The amount of the remission will be calculated:~~
  - ~~I. At 83% of the kerbside collection targeted rate, for those rating units that will no longer receive the kerbside collection service from September 2023.~~
  - ~~II. II. At 17% of the kerbside collection targeted rate, for those rating units that will start to receive the kerbside collection service from September 2023.~~
- ~~c. If the kerbside collection service commences at a date that is not in September 2023, the percentage specified in paragraph (b)II will not apply and instead the percentage will be the proportion of the financial year calculated in days to the date of the actual commencement.~~
- ~~d. It is intended that the remission will be applied to the rating units at the start of the rating year (instalment one), however this could be subject to change.~~

Matamata-Piako District Council

DRAFT Rates Remission and Postponement Policy 2024-2034

For Approval by Council 13 March 2024 For consultation

Adopted X 2024

Department	**Strategic Partnerships and Governance**
Policy Type	**External**
CM Reference	**TBC**
Council Resolution Date	**TBC**
Policy Effective From	**TBC**
Engagement Required	**Section 82 (Local Government Act 2002)**
Policy Supersedes	**Policies on the Remission and Postponement of Rates 2023-2031**
Review Frequency	**Every six years**
Next Review Date	**TBC**

Contents

1. Part 1 – Remission of rates on land protected for conservation purposes

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

This part is required to provide the legislative authority to grant rates remissions to landowners who have protected land for conservation purposes in perpetuity.

Objectives

The objectives are to:

- help landowners who have voluntarily protected areas of significance; and
- ensure that these areas remain protected.

Criteria and conditions

Sites that will qualify for remissions must be identified in at least one of the following:

a. District Plan - Schedule 3 - Outstanding or Significant Natural Features and Trees and Other Protected Items.

b. District Plan – Planning Maps – Kaitiaki Zone.

c. Our register of Significant Natural Features.

d. Any area that has any other type of formal protection method in place (e.g. a covenant under the Queen Elizabeth the Second National Trust Act 1977 on the title).

We will determine the amount of any remission at our discretion and will be guided by:

- the remission methods specified in the Significant Natural Features Policy; and
- the funding available through the Long Term Plan and/or the Annual Plan.

2. Part 2 – Remission of penalties on unpaid rates

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

Objectives

The objectives are to provide an efficient, transparent and fair framework for the remission of penalties, taking account of:

- the specific circumstances of the individual; and
- the interests of all ratepayers.

Criteria and conditions

Penalties on unpaid rates may be remitted where:

a. we have not issued a rates assessment and/or invoice as required under the Local Government (Rating) Act 2002; or
b. it can be substantiated that a ratepayer has been disadvantaged in the delivery of a rates assessment and/or invoice. Substantiation shall consist of some form of tangible evidence such as undelivered mail being returned to Council; or
c. the ratepayer pays the rates through electronic banking and makes an error in the transaction; or
d. a formalised and approved rate payment arrangement has been complied with. Only those penalty charges incurred since commencement of the arrangement will be considered for remission; or
e. those who wish to pay their rates in full, and do so within one month of the issue date of the first instalment penalty charge notice or a monthly direct debit is in place and being honoured;
f. the ratepayer:
    - provides a written explanation why payment could not be made by the due date; and
    - the explanation is considered reasonable, and
    - the ratepayer has not received a rates remission within the last three years, and
    - the ratepayer has not incurred more than three penalties within the last three years, and
    - there are no overdue rates outstanding (excluding the penalty remission application).

No further applications under this part of the policy will be considered within the next three years, except on extraordinary grounds.

All applications for remission must be made in writing.

Applicants that are declined a remission under delegated authority may submit an appeal to Council.

3. Part 3 – Remission of rates – other categories

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

Objectives

The objectives are to provide Council with the ability to grant rates relief for land (except service charges) that qualifies for:

- a statutory rates remission;
- has a capital value of less than $3,000 (inclusive of GST if applicable); or
- has a land value of greater than $1 and less than $500 (inclusive of GST if applicable); or
- is a cemetery that exceeds two hectares (cemeteries less than two hectares are non-rateable).

Criteria and conditions

<u>Service Charges</u>

Council may remit rates for service charges (i.e. water supply, sewage and refuse disposal, and stormwater) where the application meets the following criteria:

a. the rates are for land that is owned or used by a society or association of persons for games or sports (excluding galloping races, harness races and greyhound races) except for rates due for any area covered by an alcohol licence

b. the rates are for land owned or used by a society incorporated under the Agricultural and Pastoral Societies Act 1908 as a showground or place of meeting

c. the rates are for land owned or used by a society or association of persons (whether incorporated or not) for the purpose of any branch of the arts

d. half service charges for Council owned land which is non rateable under section 8 and schedule 1 of the Local Government (Rating) Act 2002 and where no services (as defined above) are provided or contemplated.

In the case of clauses a) to c) above, a maximum remission of 50% is available and in the case of clause d) above, a full remission is available.

<u>Properties that are eligible for a full remission of rates</u>

a. Properties with a capital value of less than $3,000 (inclusive of GST)

b. has a land value of greater than $1 and less than $500 (inclusive of GST if applicable). These are generally small areas of land used for utility purposes or similar.

c. Land used or set aside for cemetery purposes that has an area greater than two hectares.

4. Part 4 – Remission of small rates balances

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

Objectives

The objective is to save the costs of collecting rates of uneconomic value.

Criteria and conditions

To qualify for remission under this part of the policy, the rating unit must have a balance of less than one dollar ($1.00) (inclusive of GST) owing at the time of assessing or invoicing a rate.

Process

Council will at its discretion remit any outstanding rates balance of less than one dollar ($1.00) (inclusive of GST) on a quarterly basis.

5. Part 5 – Remission of rates on Māori freehold land

This part of the policy is prepared pursuant to sections 102 and 108 of the Local Government Act 2002 and section 114 of the Local Government (Rating) Act 2002.

We have considered the matters set out in Schedule 11 of the Local Government Act 2002 and how this policy supports the principles set out in the Preamble to Te Ture Whenua Maori Act 1993.

Māori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by the Māori Land Court by freehold order. Only land that is the subject of such an order may qualify for remission under this part of the policy.

Objectives

The objectives are:

- to contribute to the fair and equitable collection of rates from all sectors of the community. We recognise that certain Māori lands have particular conditions or circumstances which make it appropriate to provide relief from rates
- to put in place a means of providing relief on rating for Māori land pursuant to section 108 of the Local Government Act 2002 by way of rate remission
- to recognise situations where a person or owner is only gaining an economic or financial benefit from part of the land
- to recognise matters related to the physical accessibility of the land
- to recognise and take account of the presence of wahi tapu that may affect the use of the land for other purposes
- To recognise and take account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing.

Note that application of the Mangatu decision to discount values will likely provide some relief also.

Principles

The principles used in establishing this part of the policy are:

a. that as defined in section 91 of the Local Government (Rating) Act 2002, Māori freehold land is liable for rates in the same manner as general land

b. we are required to consider whether our policy on remission of rates on Māori freehold land will provide for the remission of rates.

c. Those set out in the Preamble to Te Ture Whenua Maori Act 1993.

d. the community benefits through the efficient collection of rates and the removal of rating debt that is non collectable

e. that applications for relief meet the criteria in this policy

f. that the policy does not provide for the permanent remission or postponement of rates on the property concerned.

Conditions and criteria

We will maintain a register called the 'Māori freehold land rates relief register' (the register). This will record properties that have had rates remitted under this part of the policy. Applications for land to be added to the register should be made in writing prior to commencement of the next rating year. Applications made after commencement of the rating year may be accepted at our discretion.

Owners or trustees making application should include the following information in their applications:

- details of the property
- the objectives that will be achieved by providing a remission
- documentation proving that the subject land is Māori freehold land.

We will review the register annually (or on a more regular basis at our discretion). We may, at our discretion, add properties to the register where Council makes an application on the owners or trustees behalf and we consider that the conditions and criteria of the policy are met.

We may also determine that properties no longer comply either fully or in part with the conditions and criteria on which the application for relief was granted. In such a case, we may either remove the property from the register or reduce the extent of the relief from the start of the next rating year.

We will consider granting a remission of rates on property where any one or more of our policy objectives will be met.

Remissions (up to 100%) can apply to all rates except targeted rates for:

- water supply
- wastewater
- stormwater
- kerbside collection or
- rural halls.

Any relief granted and the extent of that grant is at our sole discretion. This will consider where the rating value is significantly in excess of the economic value arising from the actual use of the property.

6. Part 6 – Postponement of rates on Māori freehold land

This part of the policy is prepared pursuant to sections 102 and 108 of the Local Government Act 2002 (LGA) and section 115 of the Local Government (Rating) Act 2002 and how this policy supports the principles set out in the Preamble to Te Ture Whenua Maori Act 1993.

Council has considered the matters set out in Schedule 11 of the LGA.

Māori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by the Māori Land Court by freehold order. Only land that is the subject of such an order may qualify for postponement under this part of the policy.

Objectives

The objectives are:

- to contribute to the fair and equitable collection of rates from all sectors of the community. We recognise that certain Māori lands have particular conditions or circumstances that make it appropriate to postpone rates; and
- to put in place a means of providing relief on rating for Māori land pursuant to section 108 of the Local Government Act 2002 by way of postponement of rates; and
- encourage the economic development of the land by a new occupier, where there are rate arrears that are, in the Council's opinion, recoverable; and
- facilitate the development and economic use of land where it is considered that utilisation would be uneconomic if full rates are required to be paid during the period in which plans for development are being actively prepared.

Principles

The principles used in establishing this part of the policy are:

a. that as defined in section 91 of the Local Government (Rating) Act 2002, Māori freehold land is liable for rates in the same manner as general land

b. we are required to consider whether our policy on the postponement of rates on Māori freehold land will provide for the postponement of rates

c. those set out in the Preamble to Te Ture Whenua Maori Act 1993

d. that applications for postponement meet the criteria we have set

e. that the policy does not provide for the permanent postponement of rates on the property concerned.

Conditions and criteria

Applications for postponement of rates should be made in writing prior to commencement of the next rating year. Applications made after commencement of the rating year may be accepted at our discretion.

Owners or trustees should include the following information in their application:

- details of the property
- the objectives that will be achieved by providing a remission

- documentation proving that the subject land is Māori freehold land.

Any postponement granted and the extent of the grant is at our sole discretion.

No postponement will be granted on targeted rates for:

- water supply
- wastewater
- stormwater
- kerbside collection or
- rural halls.

7. Part 7 – Remission of metered water leaks

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

Objectives

The objective is to allow Council to provide some relief to metered water users from extraordinarily high charges as a result of a water leak when there is evidence that the required repairs have been carried out within thirty (30) days of written notification of the high water consumption to the owner.

Principles

The principles used in establishing this part of the policy are:

- that the responsibility of water leaks between the water outlet (e.g. house, trough) and the water meter is ultimately the owners' and any water rates remitted will be a cost to other water users
- that property owners should take action within a reasonable period of time to avoid wasting our water resource.

Conditions and criteria

We may consider granting relief where:

a. we have received satisfactory evidence that there has been a water leak; and

b. the property owner has repaired the leak within the policy timeframe; and

c. we have received written application for relief. The request must be accompanied by a registered plumber's invoice or other suitable evidence that a significant leak was discovered (minimal amounts will not be considered), where the leak was located, and that it has been fully rectified.

We will calculate the volume of water lost based on the total water consumption for the particular period less the average period water consumption over the previous two years.

The relief for water leakage (excluding normal consumption) will be 50% of the water rates attributable to the leakage.

Any relief granted under this part of the policy is limited to one application within any three-year period for any particular meter.

8. Part 8 – Remission of pan charge targeted rates based on water use

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

Objectives

The objective is to provide a transparent, fair and more effective user pays targeted rate for wastewater, taking account of:

- the specific circumstances of the rateable property; and9
- the interests of all ratepayers.

Principles

The principles used in establishing this part of the policy are:

a. we have applied a targeted rate to all rateable properties connected to the wastewater supply based on the number of pans in each rating unit

b. pursuant to clause 12, schedule 3, of the Local Government (Rating) Act 2002 all single residential rateable properties can only be charged for one pan

c. we recognise the number of pans may not necessarily equate to the volume of discharge to the wastewater network

d. we recognise a correlation between the consumption of water and volume of wastewater discharged

e. currently the average water consumption per single residential rateable property is deemed to be 252 cubic metres of water per annum. This is a Household Equivalent Unit (HEU)

f. the most accurate way to measure water consumption is by a water meter, however not all properties currently have a meter installed

g. despite the number of pans, some properties are considered to have a low-impact on the wastewater network. To avoid the unnecessary expense of installing a water meter to these ratepayers, we will assess the number of HEUs applicable per rating unit by comparing them to similar properties that have a water meter

h. in assessing the number of HEUs, the number will be rounded up to the next whole unit

i. the HEU may be periodically reviewed

j. this remission does not apply to schools or educational establishments. See the separate policy on remissions of pan charge targeted rates for educational establishments that follows.

Conditions and criteria

Properties with an existing water meter

a. The rateable property must have six months (or more) of historical water consumption information to enable assessment of HEUs.

b. The remission will be the difference between the actual number of pans and the number of HEUs based on historical water consumption

c. The HEU will be reassessed annually based on the consumption for the year and an adjusted remission will be applied from 1 July one calendar year later.

For the avoidance of doubt, rateable properties with a meter cannot elect to be assessed for a remission on the same basis as a rateable property without a water meter.

Properties without an existing water meter

a. We will assess the number of HEUs applicable per rateable property by comparing the current use of this property with a metered property of similar use.
b. The remission will be the difference between the actual number of pans and the assessed HEU.
c. Alternatively, to a and b above, the ratepayer can apply to have a water meter installed. Installation must be completed before 1 October in any rating year, so as to allow six months of consumption data to reassess the remission during the final quarter. The cost of the water meter and its installation will be at the applicant's expense.
d. Any amended remission as a result of the water meter data will be processed during the final quarter of the rating year.

For the avoidance of doubt, rateable properties once fitted with a meter cannot then elect to be assessed for a remission on the same basis as a rateable property without a water meter.

9. Part 9 – Remission of pan charge targeted rates for educational establishments

This part of the policy is prepared pursuant to sections 102 and 109 of the Local Government Act 2002 and section 85 of the Local Government (Rating) Act 2002.

Objectives

The objective is to provide a transparent, fair and more effective user pays targeted rate for wastewater, taking account of the specific circumstances of educational establishments.

Principles

The principles used in establishing this part of the policy are:

- This policy applies to schools and educational establishments as defined in Schedule 1, Part 1, clause 6(b) of the Local Government (Rating) Act 2002. It specifically excludes schools and early childhood centres that operate for profit.
- We consider the nationally used 'Donnelly Formula' (one pan per twenty students/staff) as a fair basis for providing remission to educational establishments.
- We have applied a targeted rate to all educational establishments connected to the wastewater supply based on the number of pans calculated using the 'Donnelly Formula'.
- We recognise the number of pans may not necessarily equate to the volume of discharge to the wastewater network.
- We recognise a correlation between the consumption of water and volume of wastewater discharged.
- Currently the average water consumption per single residential rateable property is deemed to be 252 cubic metres of water per annum. This is a Household Equivalent Unit (HEU).
- The most accurate way to measure water consumption is by a water meter, however not all educational establishments currently have a meter installed.
- Despite the number of pans calculated using the 'Donnelly Formula', some educational establishments are considered to have a low impact on the wastewater network. To avoid the unnecessary expense of installing a water meter to these, we will assess the number of HEUs applicable per rateable property by comparing them to other educational establishments with a similar roll/staff numbers.
- The school roll used to calculate the 'Donnelly Formula' will be as advised annually by the Ministry of Education and will be applied from the following 1 July.
- In assessing the number of HEUs, the number will be rounded up to the next whole unit.
- The HEU may be periodically reviewed.

Conditions and criteria

Educational establishments with an existing water meter

a. The rateable property must have six months or more historical water consumption information to enable assessment of HEUs.

b. The remission will be the difference between the number of pans assessed using the Donnelly Formula and the HEU based on historical water consumption.

c. The HEU will be reassessed annually based on the consumption for the year and an adjusted remission will be applied from 1 July one calendar year later.

d. For the avoidance of doubt, rateable properties with a meter cannot elect to be assessed for a remission on the same basis as a rateable property without a water meter.

Educational establishments without an existing water meter

a. We will assess the number of HEUs applicable per rateable property by comparing the current use of this property with a metered property of similar use.

b. The remission will be the difference between the number of pans calculated using the Donnelly Formula and the assessed HEU.

c. Alternatively, to a and b above, the educational establishment can apply to have a water meter installed. Installation must be completed before 1 October in any rating year, so as to allow six months of consumption data to reassess the remission during the final quarter. The cost of the water meter and its installation will be at the applicant's expense. Any amended remission as a result of the water meter data will be processed during the final quarter of the rating year.

d. For the avoidance of doubt, rateable properties once fitted with a meter cannot then elect to be assessed for a remission on the same basis as a rateable property without a water meter.

10. Part 10 – Remission of rates on abandoned land

Objectives

The objective is to enable administration costs to be avoided where it is unlikely that rates assessed on an abandoned rating unit will ever be collected.

Conditions and criteria

Where any rating unit meets the definition of abandoned land as prescribed in section 77(1) of the Local Government (Rating) Act 2002 and that land is unable to be sold using the authority provided in sections 77-83, then all rates will be remitted on an annual basis.

11. Part 11 – Remission and postponement of rates for natural disasters and emergencies

Objectives

In the event of a natural disaster or other type of emergency affecting the capacity of one or more rating units to be used for an extended period of time, Council may remit or postpone all or part of any rate or charge where it considers it fair to do so.

Conditions and criteria

The Council may, on written application from the ratepayer of a rating unit affected by a natural disaster or emergency, remit or postpone all or part of any rate or charge levied where:

- A natural disaster or emergency affects one or more rating units' capacity to be inhabited, used or otherwise occupied for an extended period of time; and
- The Council considers it is fair to grant a remission in the circumstances.

At its sole discretion, Council will determine by resolution whether a specific event constitutes a natural disaster or emergency for the purposes of applying this policy. Council will determine the criteria for the remission or postponement at the time of the resolution, and those criteria may change depending on the nature and severity of the event and available funding at the time.

Each application will be considered on its merits and remission or postponement of all or parts of the rates payable may be granted where it is considered just and equitable to do so. Remissions or postponements approved under this policy do no set a precedent and will be applied for each specific event and only to properties directly affected by the event.

12. Part 12 – Delegations

Council delegates the authority to implement this policy to the Chief Executive Officer. The Chief Executive Officer may sub-delegate this role to any other council officer.

5 Pūrongo me whakatau | Decision Reports

5.4 Approval of Draft Revenue and Finance Policy 2024 for consultation

CM No.: 2828655

Te Kaupapa | Purpose

The purpose of this report is to present the Draft Revenue and Finance Policy that has been developed with the 2024-34 Long Term Plan (LTP) for review and adoption.

Rāpopotonga Matua | Executive Summary

Council is required to review and adopt a Revenue and Finance Policy (RFP) every three years. This Policy is required to be reviewed and adopted alongside the Long Term Plan (LTP), which is also completed every three years.
The RFP sets out how Council will fund its activities for the next ten years, and determines who pays for what and why.

Council will be requested to approve the Draft RFP and corresponding Statement of Proposal for public consultation on 20 March 2024, along with the Draft LTP and related documents.

Tūtohunga | Recommendation

That:

1. **The information is received.**

2. **Council approves the Draft Revenue and Financing Policy and Statement of Proposal for public consultation.**

Horopaki | Background

Council is required to review and adopt a Revenue and Financing Policy (RFP) every three years. The purpose of the policy is to show how Council's activities are funded - who pays for what, and why. The policy would come into effect from 1 July 2024 and must be included in the Council's Long-term Plan (LTP).
The first step in the policy review process is reviewing Council activities and the overall impact of funding decisions, considering factors such as strategic direction, affordability, accessibility, sustainability of funding, and current and projected future economic conditions. Together, these steps result in the RFP.

Ngā Take/Kōrerorero | Issues/Discussion

Economic Concepts

In considering the Revenue and Financing Policy and how Council structures its rates, some useful economic concepts to keep in mind are:

- *Incidence* – the distribution of the burden of rates. Two key things to distinguish are the legal incidence of the tax (who gets the bill) and the economic incidence (from whose pocket the money eventually comes)

- *The difference between income and wealth* – income is a flow concept. It measures the amount of money an individual receives from work or investment over a set period of time.

Wealth, on the other hand is a stock concept and measures the level of financial and non-financial assets an individual has. Rates are a tax on one element of wealth

- *Affordability, ability to pay, and willingness to pay* – this is the difference between 'can't pay' and 'don't want to pay'. Affordability is a measure an individual's true capacity to meet their contribution to community services. Willingness to pay relates more to the value an individual thinks they receive from council services

- *Efficiency* – the degree to which local authority funding requirements affect production and consumption decisions

- *Equity* – very much a subjective concept, equity relates to the 'fairness' of certain decisions

- *Public/private goods* – a *public* good is an activity or service that is both non-rival (my consumption does not interfere with yours) and non-excludable (I cannot be prevented from consuming the service). Common examples in local government are civil defence and various planning functions. A private good is both rival and excludable.

Revenue and Financing Policy

The Local Government Act 2002 (LGA) requires Council to adopt a Revenue and Financing Policy (RFP) that must be included in the Long-term Plan (LTP).

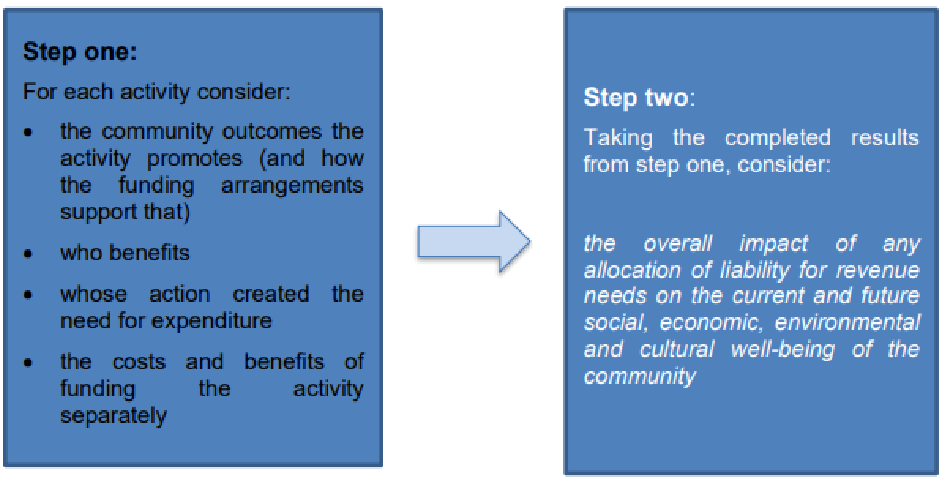
The RFP sets out how Council plans to fund each of its activities and outlines how it has made these decisions.

The policy is an important step in the rate setting process, determining levels of development contributions, and setting fees and charges. A policy that has not been created following correct process or is unreasonable may result in decisions that flow out of the policy being invalid.

Two separate steps are required under the legislation to develop the draft RFP. The first step is the process prescribed in section 101(3)(a) of the LGA (see chart below).

Having completed the step one analysis for each activity - the second step is to aggregate all of the results and consider the impact that these results might have on the community. This includes consideration the level of rates set on a uniform basis, and the factors used to set targeted rates.

The two-step funding process.



At their most basic level, funding and financial policies show who pays, for what, when. They are part of the package of material that supports the right debate and need to be transparent.

The Revenue and Financing Policy is a device for recording and explaining the policy decisions Council has made regarding the funding of its activities. Transparency in this document is especially important to demonstrate the link between dollars and value to the ratepayer.

Much of the Revenue and Financing Policy will refer to the considerations in section 101(3) of the LGA, and Council's application of those considerations. The analytical process is a sequential two-step process. The first step includes consideration at an activity level the rationale for service delivery, the beneficiary pays principle, the exacerbator pays principle, inter-generational equity, and the costs and benefits of separate funding. The second step of the analysis involves consideration of the results of the first step and their overall impact on community wellbeing.

A clear rationale for service delivery is a vital piece of information to have when working through the section 101(3)(a) analysis. Knowing why Council is delivering the service can help sort out who benefits, when they benefit, and who any of the exacerbators are, as well as obtaining some idea of what impacts on community interests might arise from the way Council funds a service.

<u>Te Ture Whenua Māori Act Principles</u>

A new requirement from 1 July 2024, is that the Revenue and Financing Policy must support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993. The Preamble states:

"Whereas the Treaty of Waitangi established the special relationship between the Māori people and the Crown: and whereas it is desirable that the spirit of the exchange of kawanatanga for the protection of rangatiratanga embodied in the Treaty of Waitangi be reaffirmed: and whereas it is desirable to recognise that land is a taonga tuku iho of special significance to Māori people and, for that reason to promote the retention of land in the hands of the owners, their whanau and their hapū, 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 hapū: And whereas it is desirable to maintain a court and to establish mechanisms to assist the Māori people to achieve the implementation of these principles."

Legal guidance obtained through Taituara (published in the Dollars and Sense Guide), advises that a practical way to capture support for the principles in the RFP may be to incorporate the principles into the overall consideration on the current and future social, economic, environmental and cultural well-beings of the community (step 2 of the 2 step funding process outlined above). Modifications (if any) to the selected funding source that are considered necessary after consideration of the principles (alongside the other considerations), would be recorded in the overall impact consideration section for each activity.

<u>Proposed Revenue and Funding Policy</u>

Proposed changes to the funding sources each activity groups operating costs are set out in (Attachment 1) *Revenue and Financing Policy for LTP 24-34 Table of Changes to Funding Sources for Activity Groups*.

The draft RFP (circulated separately) brings together all funding considerations into a policy which states how we intend to fund our activities after the step two consideration.

<u>Rating Structure</u>

Although not a funding and financial policy as such, the funding impact statement (FIS) is a device for implementing the revenue and financing policy. Effectively the FIS acts as a link between this policy and the annual setting of rates and charges. The FIS should contain all of the information relating to the factors and matters that will be used to set rates. The Local Government Rating Act

2002 (LGRA) gives Council four broad rating tools that can be used to set rates. The options are set out below in this report, followed by an overview of how Council's current rating system is structured.

<u>The General Rate</u>
The general rate is a tool for funding those activities where Council has decided that all or part of the cost of a particular activity should be funded by the community as a whole. Councils have the choice of one of three bases for setting a value-based general rate. These are land (unimproved value), capital value (land and improvements) or annual value (either rentable values or 5 percent of the capital value).

Capital and annual value tend to be better proxies for ability to pay and use of council services than unimproved values. Capital and annual value are also thought to be less prone to sudden swings than unimproved values as location-based factors play a lesser role. On the other hand, to the extent that rates are a part of business cost structures, rating based on unimproved values can be more of an incentive for development. Annual value needs a large and active rental market to work effectively, and is not one of the well-used methods of apportioning the general rate. As such, Council currently uses capital value as a basis for setting the general rate.

Councils can use differential powers on their value-based rates i.e. charge one category of property a higher rate in the dollar than another. Differentials are a tool for altering the incidence of rates; they do not release new revenue in and of themselves. Use of differentials can create 'winners and losers' – it is therefore important that these policies are based on robust criteria.

Council has in the past considered that general rates are the 'public good' component which is available to be enjoyed equally by the whole community. General rates also used to pick up short-falls in cost recovery. For example, using the libraries as an example:

- the individual benefit is considered high,
- the community benefit considered medium
- General rate funds 90-100% as user fees and fines are seen to discourage use which is contrary to what Council is trying to achieve for our community.

<u>The Uniform Annual General Charge (UAGC)</u>
The UAGC is also used to fund the same activities as the General Rate funds, but it is charged at a fixed dollar amount per property. A UAGC ensures that every property pays at least a minimum equal share of the cost of those activities that everyone is able to benefit from. The higher the UAGC is set, the higher that equal share that everyone pays becomes. This in-turn means that less of the remaining general rate needs to be recovered based on property values. The UAGC is a way of mitigating the impact of high property values, it can also be used as a tool to shift the incidence of rates between properties (for example higher value vs. lower value properties). It is a regressive tax (you pay the same amount regardless of income, wealth or ability to pay) – this is one reason why the LGRA caps the use of fixed charges as a percentage of total rates revenue at 30%. Fixed charges include the UAGC and any other targeted rates set on a fixed basis (for our Council includes stormwater, kerbside collection and some targeted hall rates), but the legislation specifically excludes water and wastewater targeted rates from the 30% calculation.

Council's current RFP sets out that the UAGC (and other fixed targeted rates) can be set at a range between 75-100% of the maximum (so between 22.5% and 30%). In considering the range set out in the policy, Council could chose to set the range at anywhere from 0% to 30%. If Council's goal is that everyone should pay a reasonable minimum share of the general rate funded services, then a range towards the higher end of the scale (as we currently have) may be seen as appropriate for our district given the very wide range of property values within the Matamata-Piako district, due to the diverse land use and industry.

The current RFP allows for Council to review the actual percentage applied (within the policy range) on an annual basis. The percentage applied for the 2023/24 year is 27.5%. Council has used this tool in the past to alter the percentage applied in circumstances where it helped to mitigate the impact on rates of significant shifts in property valuations for certain groups of properties.

In determining how the percentage will be set on an annual basis, Council may wish to outline in the RFP, that this process should consider the following factors:

- The impact that a higher UAGC may have on those with low/fixed incomes and relatively low property values,
- The impact that a lower UAGC may have on the relative share of rates levied on higher value properties,
- Fairness and equity and the consequences of the distribution of rates on our community well-beings.

Targeted Rates

Targeted rates are devices for funding those activities where Council has decided that:

- All or part of the cost of a particular activity should be met by particular groups or
- Ratepayers; and/or
- There is some other advantage in funding the activity outside of the general rate.

Councils have access to a wide range of targeted rating powers including: property values (land value, capital value, annual value and the value of improvements). Local authorities can also set a targeted rate based on one or more of the following:

- a flat dollar charge
- the number of separately used or inhabited parts of a rating unit
- the number of water closets and urinals within the rating unit (pan charges)
- the number of connections the rating unit has to local authority reticulation
- the extent of provision of any service to the rating unit by the local authority (where this is capable of objective measure and independent verification)
- the total land area of the rating unit
- the total land area within the rating unit that is sealed, paved or built upon
- the total area of land within the rating unit that is protected by any facility provided by a local authority
- the total area of floor space within the rating unit.

In addition to these powers, a local authority can set a targeted rate for water consumption based on the volume of water consumption (water metering).

Council can set:

- more than one targeted rate to fund a particular activity (for example, many rural local authorities with more than one water or sewage scheme set a rate for each scheme, some city councils charge a base water supply rate and an additional fire protection rate to fund water supply) or
- a targeted rate to fund more than one activity (targeted works and services rates are a common example of this)
- a targeted rate over only some defined categories of property (such as CBD rate for security patrols, street-cleaning or development or a tourism rate over commercial property). The bases for constructing the categories are defined in Schedule Two of the Rating Act.
- a differential targeted rate – provided that the basis for constructing the categories is one of the matters listed in schedule two

- targeted rates using combinations of factors (a not uncommon use is to set a flat dollar charge and a value based rate)
- including a rate that uses different factors for different categories of property (so for example a targeted rate that is set on the basis of a flat dollar charge for residential property, a value based rate for commercial property and an area based rate for rural property)

<u>Lump sum contributions</u>

The LGRA gives local authorities the right to offer lump sum contributions (LSC) to ratepayers as a funding option for payment of targeted rates. Legally speaking, an LSC is not a rate in and of itself. Essentially an LSC is a prepayment of the rates that a ratepayer would expect to pay as the ratepayer's "share" of the cost of a particular capital project. LSCs are not available as an alternative to the general rate, and they can only be used to fund the capital costs of identified projects (including loan repayments). An LSC cannot be offered in respect of an operating cost. Local authorities cannot require ratepayers to make an LSC. The Rating Act refers to the choice to make a lump sum contribution as an election. Once an election is made, it cannot be rescinded, and liability goes with the land (if a rating unit with an unpaid LSC is sold or transferred, the liability moves to the new ratepayer even though they did not make the election). Our Council has utilised this tool in the past to fund the connection of Tahuna and Raungaiti properties to the wastewater network.

<u>Non-Rate Funding Tools</u>
Councils also have the following non-rate funding tools available to them:

- User charges – a variety of powers exist, some set maxima on the levels of fees, others prescribe charging methods (for example dog registration fees);
- Development contributions – a tool for recovering the capital costs that are imposed by growth from development;
- Revenue from investments;
- Asset sales – for example the sale of surplus land;
- Funding from third parties (including but not limited to central government – for example subsidies for roading).
- Funding from available cash reserves or special funds

<u>Council's current rates funding structure</u>

Rate	Description
General Rate	Set under Section 13 of the LGRA on all rateable land based on cents in the dollar of capital value
Uniform Annual General Charge	Set under Section 15 of the LGRA on all rateable land as a fixed charge per rating unit.
Water Supply Targeted Rates (not metered)	A differential targeted rate for Water Supply set under Section 16 of the LGRA based on. • A uniform charge for serviced and connected portions of rating units • A uniform charge (1/2 the rate of a connected property) per portion of a rating unit to which the service is available.
Water Supply Targeted Rates (metered)	Targeted rates for metered Water Supply under Section 19 of the LGRA with different charges for: • Metered water supplies • Te Aroha West • Braeside Aquaria

Rate	Description
	• Matamata farm properties connected to the Tills Road trunk main
Wastewater Targeted Rates	Differential targeted rates for Wastewater disposal under Section 16 of the LGRA: • A uniform charge per connected rating unit in respect of each single residential house connected to the service. • A uniform charge (1/2 the rate of a connected property) per rating unit to which the service is available (but not connected). • A scale of charges for non-residential properties (1 pan, 2-4 pans, 5-10 pans, 11-15 pans and over 20 pans) • A uniform charge for Fonterra (Morrinsville) until 2025/26 • A uniform charge for Greenlea (Morrinsville) until 2025/26
Stormwater Targeted Rates	A targeted rate for Stormwater disposal under Section 16 of the LGRA based on a uniform charge per rating unit within the townships of Matamata, Morrinsville, Te Aroha and Waharoa.
Kerbside Collection Targeted Rates	A targeted rate for Kerbside Collection under Section 16 of the LGRA based on a uniform charge per portion of a rating unit to which the service is available.
Rural Halls	Targeted rates for Rural Halls under Section 16 of the LGRA based on: • Cents in the dollar of land value for Tauhei Hall, Hoe-O-Tainui Hall, Springdale Hall, Kiwitahi Hall, Patetonga Hall, Wardville hall, • a uniform charge per rating unit on all rating units for Mangateparu Hall, Kereone Hall, Tatuanui Hall, Walton Hall • cents per dollar on the capital value of all rating units for Okauia Hall, Hinuera Hall, Piarere Hall. • a uniform charge on every separately inhabited part of all residential and/or farming rating units for Mangaiti Hall, Waihou Hall, Elstow Hall, Manawaru Hall

Mōrearea | Risk

- The Local Government Act 2002 (LGA) requires Council to adopt a Revenue and Financing
- Policy (RFP) that must be included in the Long-term Plan (LTP).
-
- The RFP sets out how Council plans to fund each of its activities and outlines how it has made these decisions.
-
- The policy is an important step in the rate setting process, determining levels of development contributions, and setting fees and charges. A policy that has not been created following correct process or is unreasonable may result in decisions that flow out of the policy being invalid, including the setting of rates.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Council is required to have a LTP under section 93 of the Local Government Act (LGA). As part of this, it is required to utilise the Special Consultative Procedure, which at s93(c)(4) requires audit of the draft Consultation Document.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

Council is required to have a LTP and RFP under Section 93 of the LGA and utilise the Special Consultative Procedure.

Timeframes

Key Task	Dates
Council adopt Draft RFP for public consultation	20 March 2024
Consultation Period	21 March – 21 April
Hearing	8 May (9 May if needed) 2024

Ngā take ā-Ihinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata Piako District Council's Community Outcomes are set out below:

<table>
<tr><td colspan="2">MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO | OUR PLACE</td><td colspan="2">MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI | STRATEGIC DIRECTION</td></tr>
<tr><td colspan="4">TŌ MĀTOU WHAKAKITENGA | OUR VISION

Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. 'The heart of our community is our people, and the people are the heart of our community.</td></tr>
<tr><td colspan="4">TŌ MĀTOU WHĀINGA MATUA | OUR PRIORITIES (COMMUNITY OUTCOMES)</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>He wāhi kaingākau ki te manawa | A place with people at its heart</td><td>He wāhi puawaitanga |
A place to thrive</td><td>He wāhi e poipoi ai tō tātou taiao |
A place that embraces our environment</td><td>He wāhi whakapapa, he wāhi hangahanga | A place to belong and create</td></tr>
</table>

The LTP contributes to all outcomes by setting the funding and activity framework for delivery of Council services and activities.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

All costs associated with the preparation of the Revenue and Financing Policy can be met within existing budgets.

Ngā Tāpiritanga | Attachments

A⇩. Statement of Proposal_Draft - Revenue and Financing Policy 2024_For Consultation

B⇩. Revenue and Financing Policy DRAFT for Consultation - Copy of Policy in Section 7 - for adoption

Ngā waitohu | Signatories

Author(s)	Olivia Picard **Graduate Policy Advisor**	
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Approved by	Niall Baker **Policy Team Leader**	
	Erin Bates **Strategic Partnerships and Governance Manager**	
	Larnia Rushbrooke **Finance and Business Services Manager**	






Statement of Proposal

Revenue and Financing Policy

For Consultation 21 March – 21 April 2024

Version: To Council 21 February 2024

Background

This is a proposal to review the Revenue and Financing Policy (Policy) under the Local Government Act 2002 (LGA). We are proposing some amendments to the Policy and asking the community for feedback.

Council is consulting on the Policy using section 83 (special consultative procedure) of the LGA. Council invite submissions on the proposed Policy to assess support/objections so any feedback can be considered before Council adopt the Policy. Once adopted, the Policy will come into effect on 1 July 2024.

In the interest of efficiency this Statement of Proposal (SOP), for the review of the Policy, is being undertaken alongside consultation on the Draft Long Term Plan 2024-2034.

Purpose

The purpose of the consultation is to invite views of those affected by the proposal, and for those views to be presented to Council for consideration before Council adopt the amended Policy.

What is the Policy?

The Policy aims to explain how we will fund the operating expenses and capital expenditure of our activities from the funding sources specified in the LGA 2002 and Local Government (Rating) Act 2002 (LGRA 2002), and provide predictability and certainty about our sources and levels of funding.

Reasons we review the Policy

The reasons for our Policy proposal are the result of the following statutory requirements:

- section 102(2)(a) of the LGA 2002 requires that we must have a Policy;
- sections 103(1) and 103(2) of the LGA 2002 set out the required contents of the Policy;
- clause 10 of schedule 1 to the LGA 2002 requires that the Policy be included in the Long Term Plan.

What are the key changes to the Policy?

The key changes to the Policy from the previous policy include:

- The inclusion of the Te Ture Whenua Maori Act principles as part of our overall considerations on the current and future community wellbeing as noted above (page 6)

- Greater discussion on the difference between general rates and UAGC, and explanation of the 30% cap on fixed rates set on a uniform basis (pages 7-8)

- Guidance provided on what factors Council will consider when setting the UAGC cap (page 8).

- Noting that "Council may resolve to fund operating expenditure from borrowing in instances where the expenditure provides benefits beyond the financial year of the expense (eg where operational work to remove sludge from the wastewater ponds provides additional capacity in the pond for many years)" (page 9)

- As a result of Council's decision at the 14 February 2024 meeting on the funding of three waters debt over the 10 years of the draft LTP, the Policy has been updated to accommodate this strategic decision as follows: "Council may determine that loans should be repaid sooner where this is considered prudent and ensures adequate borrowing headroom is maintained" (page 22).

- Proposed changes made in the draft Policy to the funding sources for each activity groups operating costs are summarised below, including a discussion of the step 1 and 2 considerations that lead to the proposed change in policy funding ranges:

Activity	Fees & charges		Steps 1 and 2 considerations		Comments on decision-making
	Previous Policy	Proposed Policy	Previous Policy	Proposed Policy	
Libraries	1-10%	0-10%	**Exacerbator issues:** None **Overall impact (step 2):** Setting the level of individual recover too high will result in the decline in the utilisation of the libraries. Council has assessed a realistic and achievable target for user fees. A higher level would be preferred and this is reflected in the range below	**Exacerbator issues:** Some users result in the need for additional cost (e.g. lost or damaged books) **Overall impact (step 2):** Research shows that fees and fines significantly impact the ongoing utilisation of libraries and community spaces and are counter-productive to the outcomes Council is seeking to achieve. Recoveries from user fees will focus on additional services provided or costs incurred.	As a result of the step 2 overall impact assessment, the decision was made to reduce reliance on revenue from fees and charges
Community Venues	10-15%	20-40%	**Overall impact (step 2):** Setting the level of individual or group recovery too high will be counter-productive to the outcomes Council is seeking to achieve. Council has assessed a realistic and achievable target for user fees. A higher level would be preferred and in	**Overall impact (step 2):** Setting the level of individual or group recovery too high will be counter-productive to the outcomes Council is seeking to achieve. Council has assessed a realistic and achievable target for user fees. A higher level would be preferred and in individual	There was no change made to the step 2 overall impact assessment from the previous policy, however on balance, Council assessed that higher fees were realistic and achievable without impacting on utilisation, given community feedback, charges for similar facilities elsewhere, and a desire for greater user pays.

Activity	Fees & charges		Steps 1 and 2 considerations		Comments on decision-making
	Previous Policy	**Proposed Policy**	**Previous Policy**	**Proposed Policy**	
			individual facilities, this may be achievable without compromising utilisation	facilities, this may be achievable without compromising utilisation	
Animal Control	80%	80-100%	**Exacerbator issues:** The need for this activity arises from the expectation that animal ownership will not negatively impact on public safety. Irresponsible owners, create higher demands on this activity	**Exacerbator issues:** The need for this activity arises from the expectation that animal ownership will not negatively impact on public safety. Animal owners and in particular, irresponsible owners, create the need for this activity	The move to extend the range for fees and charges follows the discussion on excerbators – who creates the need for the activity (eg all animal owners (without which we would not have a need for Animal Control), and particularly irresponsible ones). And it follows the desire for greater user pays.
Building consents and monitoring	40-60%	50-90%	**Exacerbator issues:** Non-compliance with conditions by some individuals result in the need for extraordinary monitoring and enforcement	**Exacerbator issues:** Building activity drives the need for this activity. Non-compliance with conditions by some individuals result in the need for extraordinary monitoring and enforcement	The move to extend the range for fees and charges follows the discussion on excerbators – who creates the need for the activity (eg those involved in building activity) and it follows a desire for greater user pays.

Analysis of reasonably practicable options – the Policy
In preparing the Policy as a whole we have considered three broad options and we would like your thoughts on what we should do. The Policy itself sets out in detail the considerations we have made in relation to sections 102 and 103 of the LGA 2002, however in terms of our overall funding we have three key options:

<u>Option 1 – Adopt the Policy</u>
Council would adopt the Policies as they have been proposed.

Advantages	Disadvantages
Allows us to recover costs for new services and facilities more directly from the user.	Some fees may increase significantly as the less rates funding is used to pay for these activities.

	Increased fees and charges will mean increased costs to those in the community that use the affected services and may discourage usage or development.

Option 2 - Status quo
The Policies would remain the same as present.

Advantages	Disadvantages
The public are familiar with current Policy	These will not reflect our the activities names or the way we allocate funding under our new structure in the Long Term Plan.

Option 3
We would decrease our reliance on fees and charges, development contributions and move towards a more rates-based system whereby rates fund services and facilities.

Advantages	Disadvantages
The cost of services and facilities is spread over all ratepayers.	We will need to recover our costs through rates increases.

Statutory requirements and Policy Considerations
We are required under the Local Government Act 2002 ("LGA 2002") to adopt a Revenue and Financing Policy ("Policy").

Determining funding needs
The decision-making process required to adopt our Policy are set out in the LGA 2002, sections 76 to 82.

In essence the process involves determining the activities that should be undertaken and the sources of funding that are most appropriate having regard for:

- in relation to each activity to be funded (under section 101(3)), the community outcome to which the activity primarily contributes;
- the distribution of benefits between the community as a whole, any identifiable part of the community and individuals;
- the period in or over which those benefits are expected to occur;
- the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity;
- the costs and benefits including consequences for transparency and accountability of funding the activity distinctly from other activities; and
- the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural interests of the community.

Section 102 Funding and financial policies

(1) A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies listed in subsection 2.

(2) The policies are—
(a) a revenue and financing policy;

(4) A local authority—
(a) must consult on a draft policy in a manner that gives effect to the requirements of section 82 before adopting a policy under this section:
(b) may amend a policy adopted under this section at any time after consulting on the proposed amendments in a manner that gives effect to the requirements of section 82.

<u>Section 103 Revenue and Financing Policy:</u>

(1) A policy adopted under section 102(1) must state—
- *(a) the local authority's policies in respect of the funding of operating expenses from the sources listed in subsection(2); and*
- *(b) the local authority's policies in respect of the funding of capital expenditure from the sources listed in subsection(2).*

(2) The sources referred to in subsection (1) are as follows:
- *(a) general rates, including—*
  - *(i) choice of valuation system; and*
  - *(ii) differential rating; and*
  - *(iii) uniform annual general charges:*
- *(b) targeted rates:*
- *(ba) lump sum contributions:*
- *(c) fees and charges:*
- *(d) interest and dividends from investments:*
- *(e) borrowing:*
- *(f) proceeds from asset sales:*
- *(g) development contributions:*
- *(h) financial contributions under the Resource Management Act 1991:*
- *(i) grants and subsidies:*
- *(j) any other source.*

(3) A policy adopted under section 102(1) must also show how the local authority has, in relation to the sources of funding identified in the policy, complied with section 101(3).

(4) If a local authority amends its revenue and financing policy under section 93(4), only a significant amendment to the policy is required to be audited in accordance with sections 93D(4) and 94.

<u>Economic Concepts</u>

At their most basic level, funding and financial policies show who pays, for what, when. The Policy is a device for recording and explaining the decisions we have made regarding the funding of our activities. Transparency in this document is especially important to demonstrate the link between dollars and value to the ratepayer.

Much of the Policy refers to the considerations in section 101(3) of the LGA 2002, and our application of those considerations. The analytical process is a sequential two step process. The first step includes consideration at an activity level of the rationale for service delivery, the beneficiary pays principle, the exacerbator pays principle, inter-generational equity, and the costs and benefits of separate funding. The second step of the analysis involves consideration of the results of the first step and their impact on community interests.

A clear rationale for service delivery is a vital piece of information to have when working through the section 101(3)(a) analysis. Knowing why we are delivering the service can help sort out who benefits, when they benefit, and who any of the exacerbators are, as well as obtaining some idea of what impacts on community interests might arise from the way we fund a service

In considering the Policy and how we propose to structure its rates, some useful economic concepts to keep in mind are:

- *incidence* – the distribution of the burden of rates. Two key things to distinguish are the legal incidence of the tax (who gets the bill) and the economic incidence (from whose pocket the money eventually comes)
- *the difference between income and wealth* – income is a flow concept. It measures the amount of money an individual receives from work or investment over a set period of time. Wealth, on the other hand is a stock concept and measures the level of financial and non-financial assets an individual has. Rates are a tax on one element of wealth
- *affordability, ability to pay, and willingness to pay* – this is the difference between 'can't pay' and 'don't want to pay'. Affordability is a measure an individual's true capacity to meet their contribution to community services. Willingness to pay relates more to the value an individual thinks they receive from council services
- *efficiency* – the degree to which local authority funding requirements affect production and consumption decisions
- *equity* – very much a subjective concept, equity relates to the 'fairness' of certain decisions
- *public/private goods* – a *public* good is an activity or service that is both non-rival (my consumption does not interfere with yours) and non-excludable (I cannot be prevented from consuming the service). Common examples in local government are civil defence and various planning functions. A private good is both rival and excludable.

<u>Our Rating Structure</u>
Legislation gives us four broad rating tools that can be used to set rates.

The General Rate
The general rate is a tool for funding those activities where we have decided that all or part of the cost of a particular activity should be funded by the community as a whole. We have the choice of one of three bases for setting a value-based general rate. These are land (unimproved value), capital value (land and improvements) or annual value (either rentable values or five percent of the capital value).

Capital and annual value tend to be better proxies for ability to pay and use of services than unimproved values. Capital and annual value are also thought to be less prone to sudden swings than unimproved values as location-based factors play a lesser role. On the other hand, to the extent that rates are a part of business cost structures, rating based on unimproved values can be more of an incentive for development. Annual value needs a large and active rental market to work effectively, and is not one of the more commonly used methods of apportioning the general rate.

We can use differential powers on our value-based rates i.e. charge one category of property a higher rate in the dollar than another. Differentials are a tool for altering the incidence of rates; they do not release new revenue in and of themselves. Use of differentials can create 'winners and losers' – it is therefore important that these policies are based on robust criteria.

We have in the past considered that general rates are the 'public good' component which is available to be enjoyed equally by the whole community. General rates also used to pick up short-falls in cost recovery. For example, using the libraries:

- the individual benefit is considered high,
- the community benefit considered medium
- general rate funds +80% as a significant increase in user fees will likely result in a drop-off in use

The Uniform Annual General Charge (UAGC)
The UAGC is a flat dollar charge per property, or separately used/inhabited part of a property. The UAGC is a device for mitigating the impact of high property values, it can also be used as a tool to shift the incidence of rates between groups of rate payers (for example rural vs. urban). It is a regressive tax (you pay the same amount regardless of income or wealth) – this is one reason why the legislation caps the use of this tool at 30%.

Targeted Rates
Targeted rates are devices for funding those activities where we have decided that:

- all or part of the cost of a particular activity should be met by particular groups of ratepayers; and/or
- there is some other advantage in funding the activity outside of the general rate.

We have access to a wide range of targeted rating powers including: property values (land value, capital value, annual value and the value of improvements). We can also set a targeted rate based on one or more of the following:

- a flat dollar charge;
- the number of separately used or inhabited parts of a rating unit;
- the number of water closets and urinals within the rating unit (pan charges);
- the number of connections the rating unit has to local authority reticulation;
- the extent of provision of any service to the rating unit by the local authority (where this is capable of objective measure and independent verification);
- the total land area of the rating unit;
- the total land area within the rating unit that is sealed, paved or built upon;
- the total area of land within the rating unit that is protected by any facility provided by a local authority; or
- the total area of floor space within the rating unit.

In addition to the above, we can set a targeted rate for water consumption based on the volume of water consumption (water metering).

We also can set:

- more than one targeted rate to fund a particular activity (for example, many rural local authorities with more than one water or sewage scheme set a rate for each scheme, some city councils charge a base water supply rate and an additional fire protection rate to fund water supply);
- a targeted rate to fund more than one activity (targeted works and services rates are a common example of this);
- a targeted rate over only some defined categories of property (such as a CBD rate for security patrols, street-cleaning or development or a tourism rate over commercial property). The bases for constructing the categories are defined in Schedule Two of the LGRA.
- a differential targeted rate – provided that the basis for constructing the categories is one of the matters listed in schedule two of the LGRA
- targeted rates using combinations of factors (a not uncommon use is to set a flat dollar charge and a value based rate)
- including a rate that uses different factors for different categories of property (so for example a targeted rate that is set on the basis of a flat dollar charge for residential property, a value based rate for commercial property and an area based rate for rural property)

Non-Rate Funding Tools
We also have the following non-rate funding tools available to us:

- user charges – a variety of powers exist, some set maxima on the levels of fees, others prescribe charging methods (for example dog registration fees);
- development contributions – a tool for recovering the capital costs that are imposed by growth from development;
- revenue from investments;
- asset sales – for example the sale of surplus land; and
- funding from third parties (including but not limited to central government – for example subsidies for roading).

Have your say

Whether you agree, oppose or you have suggestions on things we could change for this proposal or any other proposal, we want to hear from you.

You can make a submission between 21 March and 21 April 2024.

For more information about this proposal, and to see what else we are consulting on, go to **mpdc.govt.nz/ltp**

Making a submission:

Go to **mpdc.govt.nz/ltp** to fill out the online form

Drop off form: Any Council office

Mail to: PO Box 266, Te Aroha 3342

Email: info@mpdc.govt.nz

Head to **mpdc.govt.nz/ltp** to make a submission and have your say by 21 April 2024

Please be aware that submissions made to Council are public information. Your submission will be used and reproduced for purposes such as reports to Councillors, which are made available to the public and media.

Key dates

Council adopt proposal for community consultation	20 March 2024
Submission period	21 March – 21 April 2024
Community present submissions to Council	8 May (9 May if needed) 2024
Proposal is adopted	26 June 2024
New Fees and Charges apply	1 July 2024

RAUTAKINGA TŪROA

LONG TERM PLAN 2024 2034

te kaunihera ā-rohe o matamata-piako district council

TE WHIWHINGA PŪTEA ME TŌNĀ KAUPAPAHERE

REVENUE AND FINANCING POLICY

WĀHANGA SECTION 7

Te whiwhinga pūtea me tōnā kaupapahere I Revenue and financing policy

The Revenue and Financing Policy describes how Council will fund operating expenses and capital expenditure from the funding sources specified in section 103 of the Local Government Act 2002.

Policy considerations

We will select funding sources for each activity after having regard to the following:

1. The community outcomes to which the activity primarily contributes, and
2. The distribution of benefits between the whole community, separate communities, and individuals, and
3. The period over which benefits are expected to occur, and
4. The extent to which the actions or inactions of particular individuals or groups contribute to the need to undertake the activity (referred to the exacerbator issues), and
5. The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities and
6. The impact that selected funding mechanisms have on the current and future community wellbeing.

Our approach

The following is a summary of how we have approached these considerations.

1. The community outcomes to which the activity primarily contributes

The primary community outcomes for each activity are included in the activity tables further on in this policy.

2. The distribution of benefits between the whole community, separate communities, and individuals

We have taken the following general approaches to relate benefits to funding sources:

- Activities that are available to every person in the District are funded across the whole community (e.g. roading or parks and reserves);
- Services that we make available to specific areas are funded across those areas, on a district wide basis. This applies to services for water, wastewater, stormwater and rubbish and recycling. The targeted rates are uniform across the district, irrespective of location;
- Rural halls are funded from the local hall communities;
- Fees and charges are used as the funding source for individual or group benefits where either:
  - A direct relationship can be efficiently established between the provisions of a service and the charge (e.g. admission to a swimming pool), or
  - The benefits derived are beyond the level generally available to the general community (e.g. the exclusive use of sports facilities), or
  - The individual or group causes us to incur additional costs beyond the level that would be required for the general community.

We have expressed the allocation of benefits in the first part of the consideration process in the following terms:

- High: generally, above 75%
- Medium: 40 – 75%
- Low: below 40%

See also the 'other policy considerations' section for further detail.

3. The period over which benefits are expected to occur

During the development of this plan we received feedback from the community on the types and levels of services expected from us. The overall conclusion is that the community expects the current services to continue to be available now and in the future.

This is reflected in this plan, as are the following principles:

- Current and future generations will benefit from each activity.
- We will implement appropriate accounting and funding policies to ensure intergenerational equity (so one generation does not benefit at the expense of another).

- We may encounter extraordinary situations that involve addressing legacy issues (e.g. environmental issues from old landfill sites). In cases like this we may not be able to impose the cost of addressing the issues on the people who caused the problem. We will consider funding options to minimise the impact of these issues on current and future generations. This might involve the use of retained earnings or proceeds from the sale of assets.

4. The extent to which the actions or inaction of particular individuals or groups contribute to the need to undertake the activity (exacerbator issues)

We encounter situations where the actions or inactions of individuals or groups cause us to utilise additional resources.

These can be generally categorised as follows:

- Non complying behaviour, for example, graffiti, illegal waste disposal, wandering dogs, non-compliance with consent conditions.
- High cost activities - e.g. sports field maintenance (as opposed to open space maintenance).

We will consider:

- The impact that these situations have on the overall activity.
- The level of additional cost incurred.
- The potential to realistically recover the additional costs.
- The effect on the activity outcomes.

We may then apply funding mechanisms that recover all or part of the additional costs incurred (e.g. fines).

5. The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities

We have a desire for a simple rating structure that can be easily understood by the community.

We believe that transparency and accountability can be enhanced where the community can make a direct link between the services received and the charges we impose. User charges and targeted rates are examples where we believe this connection can be made.

Targeted rates are preferred where:

- Services are made available to some properties or communities and not others (e.g. water supply is provided to urban properties and only some rural properties).
- Local communities have a strong sense of identity and accountability for an activity (e.g. rural halls, where the local communities fund and operate the halls).
- Activities that are intended to benefit a specific area (e.g. rural halls).

We can create numerous targeted rates to separately represent the full range of our activities, however this would compromise our desire for a simple rating system. After allowing for the various targeted rates and user charges, the remaining Council activities are mainly funded from general rates.

Our view is that rates are a form of tax and the quantum an individual pays does not necessarily reflect the level of benefit received. The use of additional targeted rates may inflate individual expectations about the level of benefit that should be received. This does not promote accountability.

We promote transparency by disclosing the amount funded from general rates for all activities with rates assessments. This has a low administration cost and is considered to achieve the same outcome as the use of numerous targeted rates.

6. The impact that selected funding mechanisms have on the current and future community wellbeing

We have considered the overall revenue allocation needs on the current and future social, economic, environmental, and cultural well-being of the community. We have selected funding mechanisms after having regard to the outcomes sought for each activity and the following considerations:

- The primary outcomes sought for each activity and the potential impact the funding sources have on the activity outcome. This allows us to reflect on the current and future wellbeing of the community
- Sustainability - will the selected funding mechanisms affect the sustainability of the activity? For example, setting a high level for user charges may reduce patronage, at the expense of community wellbeing?
- Achievable funding levels - are the targeted levels achievable? We have identified targeted levels for user charges that may not be achievable in the short to medium term. In these cases a target range will be set
- Te Ture Whenua Maori Act 1993 Principles - the principles set out in the Preamble to Te Ture Whenua Māori Act 1993 include recognition that land is a taonga tuku iho of special significance to Māori, and for facilitation of the occupation, development, and utilisation of that land for the benefit of its owners, their whānau, and their hapū. We will consider if there are ways that our funding decisions can further promote these principles. Further support for these principles is provided through Council's Policy on Remission and Postponement of Rates for Māori Freehold Land, and Council's Development Contributions Policy.

Other policy considerations

Funding 'public good'

The selection of funding sources is influenced by the categorisation of the benefits arising from activities, into public and private good. Activities that have significant public good are considered to have the following two characteristics:

- Non rivalry- an individual utilising an activity does not affect the opportunity of other individuals to utilise the same activity. Street lighting is an example of an activity that is non rival. The fact that one person may benefit from street lighting, does not affect other people from enjoying the same benefit. As opposed to water, where consumption by an individual reduces the amount of water available for other individuals.

- Non excludable - the extent to which it is possible to exclude people from enjoying an activity. An activity with public good characteristics is one where it is difficult to exclude people from enjoying or utilising. For example, a public footpath would be non-excludable. It is not practical to exclude people from making use of a footpath. People can be excluded from utilising a public swimming pool, by imposing entry fees.

Activities that have significant public good characteristics are typically funded from general rates.

There are two types of general rates:

- General rates based on rateable property values
- The Uniform Annual General Charge (UAGC)

Both rates are applied to fund the same costs, but are calculated differently. The General rate is based on the capital value of rateable properties, so the amount of General rate charged varies between properties, with higher value properties paying a greater share. The UAGC is a tool to mitigate the impact on higher value properties, by charging each rateable property a fixed share of the costs. That way everyone pays at least a minimum proportion of the costs regardless of their property value.

The amount of UAGC along with other targeted rates that are set based on a fixed charge is subject to a statutory maximum (we refer to as the UAGC cap). No more than 30% of total rates can be set on a fixed basis (excluding charges relating to Water and Wastewater). Setting the UAGC cap at the highest end of the statutory maximum of 30% benefits higher value properties more, as a higher proportion of the funding is being split equally across all ratepayers.

Our District has a very wide range of property types and values due to the diverse land use and industry in Matamata-Piako. To ensure that everyone pays a reasonable minimum share of the general rate funded services, our preference is that the UAGC cap is set at a range of between 75-100% of the maximum allowed (so between 22.5% and 30%). he percentage applied within this range will be reviewed each year after consideration of the following factors:

- The effect of the triennial district-wide property valuations
- The impact that a higher UAGC may have on those with low/fixed incomes and relatively low property values
- The impact that a lower UAGC may have on the relative share of rates levied on higher value properties
- Fairness and equity and the consequences of the distribution of rates on our community well-beings.

Funding 'private good'

Activities with strong private good characteristics are typically neither non rival or non-excludable. We hold the view that a rating system is primarily a taxation system and not a system inherently based on a principle of user pays. We will utilise targeted rates to represent user charges and recover private benefits. Targeted rates may also be utilised to recognise 'community specific' benefits.

Differential general rates

We consider that public goods are available to be enjoyed equally by the whole community. General rates should therefore be levied on the same basis across the district. For this reason, we do not consider that there are any compelling arguments to utilise differential rating for general rates. The use of targeted rates and user charges provides an appropriate way to differentiate for our services.

Valuation system

The capital value rating system has been in place in this district since 1990. We acknowledge that this system is not an accurate representation of 'ability to pay', however, we do not consider that the alternatives (land or annual value) offer any advantages over capital value. Our community is familiar with the current system and there are no compelling reasons to change at this time.

Operating expenditure

Operating expenditure is the money spent on the ongoing day to day activities and services of the Council. This includes the annualised cost of replacing our assets (depreciation), interest charges on borrowing, and the cost of Council overheads. Our operating expenditure will be funded each year in line with our adopted Long Term Plan and/or Annual Plan.

The available funding sources for operating expenditure are:

- Grants, subsidies, and other income
- Investment income
- Fees and charges
- Proceeds from asset sales
- Reserve funds (where a certain project (usually one-off) meets the criteria and objectives of a specified reserve fund)
- Rates (general or targeted)

Borrowing will not ordinarily be budgeted to fund operating expenditure unless it is otherwise resolved by Council. Council may resolve to fund operating expenditure from borrowing in instances where the expenditure provides benefits beyond the financial year of the expense (e.g. where operational work to remove sludge from the wastewater ponds provides additional capacity in the pond for many years). Council may also use borrowing or unallocated surpluses to fund any activity deficits or to cover unexpected events (e.g. expenses or loss of revenue due to natural disasters, pandemics etc.).

Grants, subsidies and other funding sources may become available for different activities from time to time. Where this source of funding is available and known at the time the budgets are set, it will be used to offset funding required from rates as set out below.

The following tables summarise our considerations for each activity in line with section 101 (3)(a) of the Local Government Act 2002.

Funding considerations by group of activity

Community Facilities and Property

Housing, rural halls, corporate / general

Funding considerations	Community Facilities and Property – Housing and property		
	Housing	Rural Halls	Corporate/General
Community Outcomes	He wāhi kaingākau ki te manawa | A place with people at its heart He wāhi puawaitanga | A place to thrive	He wāhi kaingākau ki te manawa | A place with people at its heart He wāhi whakapapa, he wāhi hangahanga | A place to belong and create	He wāhi puawaitanga | A place to thrive
Distribution of benefits	Individuals: high (private occupancy)	Community within rural hall areas: high Individuals and area groups private hire: high	Community at large: 90% (access and availability) Private individuals: 10% individual or group utilisation
Period in which benefits occur	Current and future	Current and future	Current and future
Exacerbator issues	None	None	Minor issues relating to extraordinary demands from specific users
Transparency and accountability	Direct user charges reinforce accountability and transparency in the management of the activity	Separate funding sources link to community management of assets	Not affected by selected funding source
Overall impact on social, economic environmental and cultural wellbeing of the District	User charges to be set to recover costs. Economies of scale achieved to ensure costs are competitive and therefore charges below market levels are achieved	Selected funding sources assist with the achievement of the desired outcomes. The local communities within the major rating areas are the major users of the halls. The percentage recovery from fees and charges is a realistic amount. The local hall rates account for the difference	Selected funding sources assist with the achievements of the desired outcomes
Funding sources	User charges: 100%	Targeted hall rates on varying bases for each of the rating areas: 80%. Fees and charges on varying bases for each of the rating areas	General rates: 80-90% Fees and charges: 10-20%

Cemeteries, libraries, parks and open space, pool and spas, public toilets, community venues

Funding considerations	Community Facilities and Property					
	Cemeteries	Libraries	Parks and Open Spaces	Pools and Spas	Public Toilets	Community Venues
Community Outcomes	He wāhi whakapapa, he wāhi hangahanga | A place to belong and create	He wāhi whakapapa, he wāhi hangahanga | A place to belong and create	He wāhi e poipoi ai tō tātou taiao | A place that embraces our environment He wāhi whakapapa, he wāhi hangahanga | A place to belong and create	He wāhi kaingākau ki te manawa | A place with people at its heart	He wāhi kaingākau ki te manawa | A place with people at its heart	He wāhi whakapapa, he wāhi hangahanga | A place to belong and create
Distribution of benefits	Total community benefit: Medium (access and availability) Individuals: Medium (burials and plot utilisation)	Community at large: medium (access and availability) Private individuals - high (personal use of library resources	Community at large: high (access and availability)	Community at large: medium Private individuals: high	Community at large: high	Community at large: medium Private individuals: high
Period in which benefits occur	Current and future	Current and future	Current and future	Current and future	Current and future	Current and future
Exacerbator issues	None	Some users result in the need for additional cost (e.g. lost or damaged books)	Some users result in the need for higher costs (e.g. sports fields) than would otherwise be necessary	Some users result in lost opportunities for revenue and impose higher administration costs	None	Some users result in lost opportunities for revenue and impose higher administration cost
Transparency and accountability	Fees and charges for burials. Use of general rate does not affect accountability	Fees and charges reinforce accountability to individual customers for library resources.	Fees and charges reinforce accountability to individuals and groups	Not affected by selected funding source	Not affected by selected funding sources	Not affected by selected funding source

		The charges also promote the need for Council to demonstrate 'value' to Library customers				
Overall impact on social, economic environmental and cultural wellbeing of the District	Selected funding sources assist with the achievement of the desired outcomes	Research shows that fees and fines significantly impact the ongoing utilisation of libraries and community spaces and are counter-productive to the outcomes Council is seeking to achieve. Recoveries from user fees will focus on additional services provided or costs incurred.	Setting the level of individual or group recovery too high will be counter-productive to the outcomes Council is seeking to achieve. Council has assessed a realistic and achievable target for user fees. Council will recover additional costs where possible	Setting the level of individual or group recovery too high will be counter-productive to the outcomes Council is seeking to achieve. Council has assessed a realistic and achievable target for user fees. A higher level would be preferred and in individual facilities, this may be achievable without compromising utilisation	100% public funding to ensure achievement of desired outcomes is sustainable	Setting the level of individual or group recovery too high will be counter-productive to the outcomes Council is seeking to achieve. Council has assessed a realistic and achievable target for user fees. A higher level would be preferred and in individual facilities, this may be achievable without compromising utilisation
Funding source	General rates: 30-60% Fees and charges: 40-70%	General rates: 90-100% Fees and charges: 0-10%	General rates: 90-100% Fees and charges: 0-10%	General rates: 50-70% Fees and charges: 30-50%	General rates: 100%	General rates: 60-80% Fees and charges: 20-40%

Roading and Rubbish and Recycling

Funding considerations	Infrastructure		
	Roading	Rubbish and Recycling	
		Waste Management Facilities (Transfer Stations/Resource Recovery Centres)	Kerbside Collection Services
Community outcomes	He wāhi puawaitanga | A place to thrive. He wāhi e poipoi ai tō tātou taiao | A place that embraces our environment	He wāhi e poipoi ai tō tātou taiao | A place that embraces our environment He wāhi puawaitanga | A place to thrive	
Distribution of benefits	Community at large: medium Private individuals: high	Community at large: medium (access, availability, healthy environment) Individuals: high	Individuals: high
Period in which benefits occur	Current and future	Current and future	Current and future
Exacerbator issues	Heavy traffic and some commercial activities can negatively impact on network maintenance	Individuals generate waste and through their actions or inaction can significantly impact the waste volume. Some activities generate hazardous wastes or large volumes of waste	Individuals generate waste and through their actions or inaction can significantly impact the waste volume
Transparency and accountability	Council has limited ability to directly recover the private benefits other than through rates. Government subsidy contributes a significant portion of the total funding	User charges for the use of waste management facilities is transparent and promotes accountability on waste generators	Targeted rate for properties to which Council is prepared to provide collection, promotes transparency and accountability linking a service provided to a specific Council rate
Overall impact on social, economic environmental and cultural wellbeing of the District	Selected funding sources assist with the achievement of the desired outcomes	Selected funding sources assist with the achievement of the desired outcomes. Council's ability to use general rate funding acknowledges the wider community benefits generates from the activity	Selected funding sources assist with the achievement of the desired outcomes.

Funding considerations	Infrastructure		
	Roading	Rubbish and Recycling	
		Waste Management Facilities (Transfer Stations/Resource Recovery Centres)	Kerbside Collection Services
Funding sources	<u>Subsidy</u>: as determined by Government agency. Council has resolved to allocate interest earned from external investments to fund the Roading activity to reduce the rates requirement. Council will determine the budgeted interest allocation on an annual basis. <u>General rates</u>: balance of funding	<u>General rates</u> 55%-75% <u>Fees and charges</u>: 25%-45% - Transfer station fees.	<u>Targeted rate</u>: 90-100% on a uniform basis for serviced properties <u>Fees and charges</u>: 0%-10%

Water, Stormwater and Wastewater

Funding considerations	Infrastructure		
	Stormwater	Wastewater	Water
Community outcomes	He wāhi e poipoi ai tō tātou taiao | A place that embraces our environment He wāhi puawaitanga | A place to thrive	He wāhi e poipoi ai tō tātou taiao | A place that embraces our environment He wāhi puawaitanga | A place to thrive	He wāhi e poipoi ai tō tātou taiao | A place that embraces our environment He wāhi puawaitanga | A place to thrive
Distribution of benefits	Community at large: low (approximately 14% of the networks service public areas - roads, parks etc.) Township and property owners: high	Community at large: medium Individuals: high	Community at large: low-medium Private individuals: high
Period in which benefits occur	Current and future	Current and future	Current and future
Exacerbator issues	Some issues where particular activities result in pollutants entering stormwater reticulation	Properties connected to the sewer generate the waste. Rating legislation prevents residential properties being charged for more than one pan. Properties with more than one pan and with a higher intake of water are assumed to have a higher impact on the network. Some industries and businesses create high loading on the network	Activities that generate extraordinary levels of water utilisation Properties that are serviced by the reticulation, but not connected
Transparency and accountability	Targeted rate for properties within urban areas serviced by stormwater promote transparency and accountability, linking a service provided to a specific Council rate	Targeted rates for properties within urban areas serviced by waste water reticulation promote transparency and accountability, linking a service provided to a specific Council rate. Charging on a pan basis and modifying this by way of remission, further promotes accountability. Trade waste agreements address high impact activities	Targeted rate for properties within urban areas serviced by public water reticulation and water meter charging promote transparency and accountability, linking a service provided to a specific Council rate

Funding considerations	Infrastructure		
	Stormwater	Wastewater	Water
Overall impact on social, economic environmental and cultural wellbeing of the District	Selected funding sources assist with the achievement of the desired outcomes	Selected funding sources assist with the achievement of the desired outcomes. Council's ability to use general rate funding acknowledges the wider community benefits the activity generates	Selected funding sources assist with the achievement of the desired outcomes. Council's ability to use general rate funding acknowledges the wider community benefits the activity generates
Funding sources	General rates: 10-16% Targeted rate on a uniform basis for serviced urban areas: 84-90%	Fees and charges through trade waste agreements The balance of funding after fees and charges will come from either: General rates: 0-6%, or; Targeted rate on a per pan basis (using a scale of charges) for serviced urban areas: 94-100% Factors – properties connected Properties able to connect but not connected, Council will determine the actual percentages within the allowable range on an annual basis	Targeted rates from metered water (including residential and from industry). The balance of funding after metered water will come from either: General rates: 0-6%, or; Targeted rates on a uniform basis for serviced urban areas: 94-100% Factors - properties connected Properties able to be connected but not connected, Council will determine the actual percentages within the allowable range on an annual basis

Strategy and engagement

Funding considerations	Strategy and Engagement			
	Emergency Management	Communications and Events	Community Leadership	Strategies and Plans
Community outcomes	He wāhi kaingākau ki te manawa | A place with people at its heart	He wāhi whakapapa, he wāhi hangahanga | A place to belong and create He wāhi kaingākau ki te manawa | A place with people at its heart	He wāhi whakapapa, he wāhi hangahanga | A place to belong and create He wāhi kaingākau ki te manawa | A place with people at its heart	He wāhi puawaitanga | A place to thrive
Distribution of benefits	Community at large: high	Total community benefit: high	Total community benefit: high	Total community benefit: high
Period in which benefits occur	Current and future	Current and future	Current and future	Current and future
Exacerbator issues	Actions of some individuals can give rise to emergency response (e.g. rural fires). Council will attempt to recover these costs from the individual land owner	None	None	None
Transparency and accountability	Not affected by selected funding sources	Not affected by selected funding sources Other accountability processes in place	Not affected by selected funding sources Other accountability processes in place	Not affected by selected funding sources
Overall impact on social, economic environmental and cultural wellbeing of the District	Selected funding sources assist with the achievement of the desired outcomes	100% public funding to ensure achievement of desired outcomes is sustainable	Selected funding sources assist with the achievement of the desired outcomes	100% public funding to ensure achievement of desired outcomes is sustainable
Funding sources	General rates: 100% Exacerbator charges where possible	General rates: 100%	General rates: 100%	General rates: 100%

Consents and Licensing

Funding considerations	Consents and Licensing					
	Animal Control	Building Consents and Monitoring	Licencing and enforcement			Resource Consents and Monitoring
			Health	Alcohol	Noise Control	
Community Outcomes	He wāhi kaingākau ki te manawa | A place with people at its heart	He wāhi kaingākau ki te manawa | A place with people at its heart He wāhi puawaitanga | A place to thrive	He wāhi kaingākau ki te manawa | A place with people at its heart.	He wāhi kaingākau ki te manawa | A place with people at its heart	He wāhi kaingākau ki te manawa | A place with people at its heart	He wāhi kaingākau ki te manawa | A place with people at its heart He wāhi puawaitanga | A place to thrive
Distribution of benefits	Community at large: medium (public safety) Individuals: medium	Community at large: medium (managed/ appropriate development) Individuals: medium	Community at large: high Private individuals: medium	Community at large: high	Community at large: high	Community at large: medium (managed/ appropriate development) Individuals: medium (resource consents)
Period in which benefits occur	Current and future	Current and future	Current and future	Current and future	Current and future	Current and future
Exacerbator issues	The need for this activity arises from the expectation that animal ownership will not negatively impact on public safety. Animal owners and in particular, irresponsible owners, create the need for this activity.	Building activity drives the need for this activity. Non-compliance with conditions by some individuals result in the need for extraordinary monitoring and enforcement.	Non-compliance with conditions by some individuals result in the need for extraordinary monitoring and enforcement.	Non-compliance with conditions by some individuals result in the need for extraordinary monitoring and enforcement.	Non-compliance with conditions by some individuals result in the need for extraordinary monitoring and enforcement.	The District Plan captures the community's collective view on the types of development it desires as of right. People who propose development outside these parameters impose additional costs on Council.

Funding considerations	Consents and Licensing					
	Animal Control	Building Consents and Monitoring	Licencing and enforcement			Resource Consents and Monitoring
			Health	Alcohol	Noise Control	
						Non-compliance with some individuals result in the need for extraordinary monitoring and enforcement.
Transparency and accountability	Fees and charges promote owner accountability and transparency on Council's part.	Building fees promote transparency and accountability on Council to individual customers.	Not affected by selected funding sources.	Not affected by selected funding sources.	Not affected by selected funding sources.	Planning fees promote transparency and accountability on Council to individual customers.
Overall impact on social, economic environmental and cultural wellbeing of the District	Council is satisfied that imposing the majority of the costs of the activity on animal owners promotes public safety. It is in the interests of the owners to reduce their ownership costs by being responsible. People who are irresponsible will pay a higher level again. The general rates funding	Council can demonstrate a strong linkage between the level of fees charged and the services received. Council is satisfied that the level of funding is consistent with the desired outcome to achieve managed and appropriate development for the community.	Fees and charges for the activity are set largely by statute. The general rates funding must fund the balance.	Selected funding source assists with the achievement of desired outcomes.	Selected funding source assists with the achievement of desired outcomes.	Council can demonstrate a strong linkage between the level of fees charged and the services received. Council is satisfied that the level of funding is consistent with the desired outcome to achieve managed and appropriate development for the community.

Funding considerations	Consents and Licensing					
	Animal Control	Building Consents and Monitoring	Licencing and enforcement			Resource Consents and Monitoring
			Health	Alcohol	Noise Control	
	is set at a level that Council believes that the community is willing to pay to have a safe environment.					
Funding sources	General rates: 0-20% Fees and charges (including fines): 80-100%	General rates: 10-50% Fees and charges: 50-90%	Licence processing: 100% user pays Enquires/ complaints/ enforcement: 100% funded by rates	Licence processing fees set by legislation Enquiries/ complaints/ enforcement: 100 % funded by rates	General rates: 100%	Planning Resource Consent Processing and monitoring: 100% user pays Enquiries/ complaints/ enforcement: 100 % funded by rates

Capital expenditure

There are three types of capital expenditure:

Level of Service	Capital expenditure that increases the level of service provided to existing users
Growth	Capital expenditure required to provide additional capacity in the network to accommodate future users
Renewals	Capital expenditure that either replaces or continues the life of an existing asset

Capital expenditure will be funded in a manner that as far as is practicable and prudent, takes account of:

- The expected lives of assets
- The impacts on operating costs of our activities

The available funding sources for capital expenditure are:

- Borrowing (either internal or external)
- Development and financial contributions (including interest costs as per the policy). When development contributions are used, the distribution of benefits and rationale regarding funding sources is discussed within the Development Contributions Policy. Private contributions as may be agreed from time to time with individuals/ organisations. This will apply where we have entered into a partnership or arrangement to undertake capital development
- Lump sum contributions in accordance with the Local Government (Rating) Act 2002
- Targeted rates in accordance with the Local Government (Rating) Act 2002
- Subsidies (where applicable)
- Retained earnings (special funds and depreciation reserves)
- The proceeds of the sale of assets (as applicable)
- Specific revenue streams we determine (as applicable)

Considerations

The following considerations will apply in selecting the appropriate funding source:

We wish to allocate the cost of capital expenditure over the period that benefits are generated from the expenditure. Borrowing or accumulated depreciation reserves will be the normal source of funding for capital expenditure.

The annual loan costs will be met from the underlying funding sources for each significant activity. Council may determine that loans should be repaid sooner where this is considered prudent and ensures adequate borrowing headroom is maintained. The considerations that apply for operating expenditure will by default, apply to capital funding, (for example a targeted rate for an activity will meet the annual loan repayments).

The primary factors giving rise to the need for capital expenditure will influence our choice of funding mechanism. For example:

- Capital expenditure required as a result of growth, should be funded from Development Contributions
- The needs of a specific community may result in funding being raised from that community (e.g. Lump Sum Contributions)
- Special funds created for specific activities will be used for those activities

The costs and benefits of different funding sources will be assessed within the context of our Long Term Plan. We can then assess the potential impact of the selected funding source against the community outcomes. We may resolve to utilise a funding source that is not included in this policy.

Capital funding sources

	Community Facilities and Property	Consents and Licensing	Roading	Rubbish and Recycling	Storm water	Waste water	Water	Strategy and Engagement
Borrowing	✓		✓	✓	✓	✓	✓	
Financial contributions	✓							
Development contributions			✓		✓	✓	✓	
General and special reserves	✓		✓	✓	✓	✓	✓	✓
Lump sum contributions						✓	✓	
Grants and subsidies	✓		✓	✓	✓	✓	✓	✓
Targeted rates*					✓	✓	✓	

* Targeted rates are charged to industries that have entered into a partnership agreement with Council to recover their agreed share of the cost of capital upgrades to our systems.

5 Pūrongo me whakatau | Decision Reports

5.5 Approval of Draft Development Contributions Policy for consultation

CM No.: 2833797

Te Kaupapa | Purpose

The purpose of this report is to present the Draft Development Contributions Policy and Statement of Proposal to Council for their consideration and approval for public consultation.

Rāpopotonga Matua | Executive Summary

The Development Contributions Policy (Policy) sets out how Council will recover the capital costs of development from development activity in the district, such as subdivisions, which place extra demand on the network.

The Development Contributions Policy is reviewed and consulted on alongside the Long Term Plan.

The Statement of Proposal summarises the Policy, the changes and the consultation process.

The Policy and Statement of Proposal are attached to the agenda.

Tūtohunga | Recommendation

That:

1. **Council receives the report.**

2. **Council approves the Draft Development Contributions Policy (tracked change and clean copy versions) and Statement of Proposal for public consultation. for consultation.**

Horopaki | Background

As new development occurs throughout the Matamata-Piako district it places demands on Council to provide a range of new and upgraded infrastructure. It is important to ensure that the potentially high costs of providing new assets for development are adequately and sustainably accounted for.

Councils are required by law to provide details about how they will fund capital expenditure – the costs of providing new assets or increasing their capacity. As the cost of growth is driven by development, we consider that it is equitable that a development should meet its share of the resulting costs.

Development Contributions are the funds received from people or organisations when they develop property. They are used to fund capital works that are driven by the need to provide services to our growing communities.

We are required under legislation to review our existing policy every three years and to consult with the community on any changes we have proposed.

Ngā Take/Kōrerorero | Issues/Discussion

Council reviews its growth projections and the Development Contributions Policy every three years.

The Policy has been developed taking into account the following key principles:

- development contributions should only be required if the effects or cumulative effects of developments will create or have created a requirement for Council to provide or to have provided new or additional assets or assets of increased capacity;
- development contributions should be determined in a manner that is generally consistent with the capacity life of the assets for which they are intended to be used and in a way that avoids over-recovery of costs allocated to development contribution funding;
- cost allocations used to establish development contributions should be determined according to, and be proportional to, the persons who will benefit from the assets to be provided (including the community as a whole) as well as those who create the need for those assets;
- development contributions must be used: for or towards the purpose of the activity or the group of activities for which the contributions were required; and for the benefit of the district or the part of the district that is identified in our Policy in which the development contributions were required;
- we should make sufficient information available to demonstrate what development contributions are being used for and why they are being used;
- development contributions should be predictable and be consistent with the methodology and schedules of our Policy;

Main changes to the policy

Schedule of Development Contributions and Projects

The schedule of development contributions is included in Section 6 of the Policy, these calculations are based on the forecast growth and funding required for projects funded from growth. We are required to include information on the projects that are funded from development contributions. These are set out in Schedule 1 of the Policy and referred to in Section 3.2 and Section 4.3 of the Policy.

The Schedule has been updated and projects completed have been removed and any additional works identified through our planning has been included in the Schedule of works. The Schedule of works aligns with the funding identified in Council's Draft Long Term Plan 2024-2034.

Updated Growth projections

Council has adopted some updated growth projections, based on Te Ngira figures. These have been incorporated into the policy and development contribution model to calculate the applicable contributions per ward.

Mōrearea | Risk

The Local Government Act 2002 sets the requirements for preparation of the Long Term Plan.

The major risks to budgets and policies as set out in the forecasting assumptions in the draft Long Term Plan include

- Capital programme delivery

- Borrowing/interest rates
- Revenue from development contributions
- Return on investments
- Inflation
- Waka Kotahi funding
- Rating unit growth

The forecasting assumptions in the Long Term Plan document outline the level of uncertainty and impact of the risks associated with these assumptions.

Ngā Whiringa | Options

There are two principle options available to Council.

Option One – Approve the draft Development Contributions Policy for public consultation	
Approve the draft Policy for consultation	
Advantages	**Disadvantages**
Allows policy to be consulted on in line with the Long Term Plan	Doesn't allow for any additional changes to the policy before consultation

Option Two – Make further changes to the Policy before approving it for consultation	
Make further changes to the draft Policy	
Advantages	**Disadvantages**
Allows for further amendments to be made prior to consultation	Will need a separate consultation period that does not align with the LTP consultation

Recommended option

Option 1 is the recommended option.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

The Development Contributions Policy has been reviewed and will be consulted on in accordance with Section 102 and Section 106 of the Local Government Act 2002.

Council review and consult on the Development Contributions Policy every three years and align this with the Long Term Plan process.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give	Options are addressed above in this report.

consideration to the reasonable practicable options available.	
Section 78 – requires consideration of the views of Interested/affected people	The policy will be open for public consultation
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a low level of significance.
Section 82 – this sets out principles of consultation.	The policy will be open for public consultation for one month in line with the LTP consultation period.

Policy Considerations

1. To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

The consultation of the draft Policy will take place as part of the public consultation on the draft Long Term Plan 2024-2034

Timeframes

Risk and Assurance Review of the Policy	19 March 2024
Council approval of policy for community consultation	20 March 2024
Submission period	21 March – 21 April 2024
Community present submissions to Council	8 May (9 May if needed) 2024
Proposal is adopted	26 June 2024
New policy applies	1 July 2024

Ngā take ā-Ihinga | Consent issues

There are no consent issues identified.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata Piako District Council's Community Outcomes are set out below:

<table>
<tr><td colspan="2">MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO | OUR PLACE</td><td colspan="2">MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI | STRATEGIC DIRECTION</td></tr>
<tr><td colspan="4">TŌ MĀTOU WHAKAKITENGA | OUR VISION

Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. ‘The heart of our community is our people, and the people are the heart of our community.</td></tr>
<tr><td colspan="4">TŌ MĀTOU WHĀINGA MATUA | OUR PRIORITIES (COMMUNITY OUTCOMES)</td></tr>
<tr><td>He wāhi kaingākau ki te manawa | A place with people at its heart</td><td>He wāhi puawaitanga |
A place to thrive</td><td>He wāhi e poipoi ai tō tātou taiao |
A place that embraces our environment</td><td>He wāhi whakapapa, he wāhi hangahanga | A place to belong and create</td></tr>
</table>

The community outcomes relevant to this report are as follows:

- A place with people at its heart
- A place to thrive

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

All costs associated with the production of the Long-term Plan, including the Development Contributions Policy and community engagement can be met within existing budgets.

The financial impacts of the decisions included in the draft 2024-34 LTP supporting documents have been outlined in the consultation document.

Ngā Tāpiritanga | Attachments

A⇩. Statement of Proposal Draft Development Contributions Policy

B. Draft Development Contributions Policy - marked changes *(Under Separate Cover)*

C. Draft Development Contributions Policy *(Under Separate Cover)*

Ngā waitohu | Signatories

Author(s)	Susanne Kampshof	

	Asset Manager Strategy and Policy	
	Anne Gummer **Policy Advisor**	

Approved by	Niall Baker **Policy Team Leader**	
	Susanne Kampshof **Asset Manager Strategy and Policy**	






Statement of Proposal

Draft Development Contributions Policy

2024-2034

Draft for Consultation 21 March to 21 April 2024

1

Background

As new development occurs throughout the Matamata-Piako district it places demands on the Council to provide a range of new and upgraded infrastructure. It is important to ensure that the potentially high costs of providing new assets for development are adequately and sustainably accounted for.

Councils are required by law to provide details about how they will fund capital expenditure – the costs of providing new assets or increasing their capacity. As the cost of growth is driven by development, we consider that it is equitable that a development should meet its share of the resulting costs.

Development Contributions are the funds received from people or organisations when they develop property. They are used to fund capital works that are driven by the need to provide services to our growing communities.

Reasons for the proposal

We are required under legislation to review our existing policy every three years and to consult with the community on any changes we have proposed.

This Statement of Proposal includes:

- A summary of the proposed changes
- The reasons for the Policy
- Reasonably practicable policy options and
- Information about how you can have your say

Consultation is being undertaken with the public so we can assess public support for the Policy and can consider alterations to the Policy as a result of the public submissions we receive.

Consultation on the Policy is being undertaken in conjunction with the consultation on the draft Long Term Plan 2024-2034 (LTP). We invite feedback from anyone who has an interest in these issues before final decisions are made on what will and will not be included in the Policy.

Issues

<u>Growth</u>
Matamata-Piako is projected to grow by around 3,179 residents between 2024 and 2034. Over the next 30 years the population is expected to grow by more than 10,000 people with 5,000 extra dwellings, and continued industrial and commercial expansion. This growth will create the need for water, wastewater, roads, stormwater, parks, reserves and community facilities beyond what normal levels of service and maintenance provides for. We are proposing to charge Development Contributions for roads, water, wastewater, and stormwater.

<u>Development Contributions help fund growth</u>
Our current Development Contributions Policy came into force on 1 July 2021. It affects most people and companies developing new residential, commercial or industrial land and buildings. Like the 2021 Development Contributions Policy, the Policy ensures that those who create the need for this infrastructure and directly benefit from our provision of infrastructure capacity are those who pay for it. Development contributions are paid on any subdivision and non-residential development that generates additional demand on infrastructure services as calculated under the Policy. This includes extensions to existing commercial buildings which create additional floor space, as well as new developments, subdivisions, and houses.

Types of activities that may be funded

We may charge development contributions to help fund:

- Network infrastructure - the provision of roads and other transport, water, wastewater, and stormwater collection and management
- Community infrastructure - the provision of the following assets if we own and operate them:
    - Community centres or halls for the use of a local community or neighbourhood, and the land on which they are or will be situated
    - Play equipment that is located on a neighbourhood reserve
    - Toilets for use by the public
    - Reserves

This Policy covers only the provision of network infrastructure (roads, water, wastewater and stormwater). Other community infrastructure activities may be considered during subsequent revisions.

When Development Contribution can be charged

There are four stages where a development contribution will be paid:

- When a subdivision or land use consent is approved under the Resource Management Act 1991
- Where a certificate of acceptance is issued under the Building Act 2004
- When a Code of Compliance Certificate is issued for a building consent under the Building Act 2004
- When authorisation is given for a network connection to a service such as water or wastewater

Main changes to the Policy

<u>Schedule of Development Contributions and Projects</u>
The schedule of development contributions is included in section 6 of the Policy, these calculations are based on the forecast growth and funding required for projects funded from growth.

We are required to include information on the projects that are funded from development contributions. These are set out in Schedule 1 of the Policy and referred to in Section 3.2 and Section 4.3 of the Policy.

<u>Updated Growth projections</u>
Council has adopted some updated growth projections, based on Te Ngira figures. These have been incorporated into the policy and development contribution model to calculate the applicable contributions per ward.

Analysis of reasonably practicable options

Council could:

- Retain the current policy of funding growth from development contributions
- Remove development contributions altogether
- Reduce reliance on development contributions over a period of time
- Cap development contributions at a certain level

3

- Partially fund development contributions from other sources

Any change to the proposal in our Policy for funding growth for the activities we have identified through development contributions would also need to take in to consideration where the shortfall in funding would be sourced from and our rationale for doing so as part of our Revenue and Financing Policy.

They key options considered are as following:

Option 1 – Developers pay for growth

We currently charge development contributions to people who are developing property (subdivisions, residential and non-residential developments that trigger the criteria in the Policy). These payments ensure that developers share the costs of additional infrastructure that is caused by their developments (e.g. additional/upgraded roads, increased capacity for water and wastewater etc), rather than funded by ratepayers. Under our Policy, the bigger the development is (based on floor area or Household Equivalent Units), the more the developer has to pay.

Charging developers for the cost of the growth they create reflects the fact that they will benefit directly from the development.

Advantages	Disadvantages
Growth is funded by those (developers) who are creating the additional demand.	Because growth is difficult to predict, the costs we charge developers may not accurately reflect the impact their individual development has on our services.
Ratepayers do not have to pay for growth and this helps keep rates at an affordable level.	Charging developers could present a barrier to development.

Option 2 – Ratepayers pay for growth

Ratepayers may benefit indirectly from growth through increasing employment opportunities and extra money being brought into our community. One way we could reduce barriers to growth would be to stop collecting development contributions or reduce our reliance on them over time; this would remove an additional cost to development in our district.

Advantages	Disadvantages
The reduced cost of development may encourage more growth in the district.	Rates will increase to cover the costs of growth. Some may view this as unfair.
If reduced development costs are passed on, new sections and housing may become more affordable.	Extra costs caused by growth are not met by those (developers) who create the additional demand.
	There are no guarantees that this approach will increase growth.
	Ongoing rate increases to pay for growth could become unsustainable and difficult to plan for if

	growth increases.

Option 3 –Developers and ratepayers share the cost of growth

Alternatively, developers and ratepayers could share the cost of growth.

Advantages	Disadvantages
The reduced cost of development may encourage more growth in the district.	Extra costs caused by growth are not met by those (developers) who create the additional demand.
If reduced development costs are passed on, new sections and housing may become more affordable.	Rates will increase to contribute to the costs of growth.
	Extra costs caused by growth will not be wholly met by those (developers) who create the additional demand.
	There are no guarantees that this approach will increase growth.
	Ongoing rate increases to pay for growth could become unsustainable and difficult to plan for if growth increases. There are no guarantees that this approach will increase growth.

LGA Statutory and Policy Considerations

Section 102 Funding and Financial Policies

A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt a policy on development contributions or financial contributions. [Section 102(2)]

The policy on development contributions must support the principles set out in the preamble to Te Ture Whenua Maori Act 1993. [Section 102 3A(a)]

The policy must be consulted on publicly in accordance with Section 82 [Section 102 4(a)]

Section 106 Policy on development contributions or financial contributions

(2) The policy must
- (a) summarise and explain the [total cost of capital expenditure] identified in the long-term … plan [, or identified under clause 1(2) of Schedule 13] that the local authority expects to incur to meet the increased demand for community facilities resulting from growth; and
- (b) state the proportion of that [total cost of capital expenditure] that will be funded by—
  - (i) development contributions:
  - (ii) financial contributions:
  - (iii) other sources of funding; and

5

(c) explain, in terms of the matters required to be considered under section 101(3), why the local authority has determined to use these funding sources to meet the expected [total cost of capital expenditure] referred to in paragraph (a); and
(d) identify separately each activity or group of activities for which a development contribution or a financial contribution will be required and, in relation to each activity or group of activities, specify the total amount of funding to be sought by development contributions or financial contributions; and
(e) if development contributions will be required, comply with the requirements set out in [sections 201 to 202A]-201 to 202A]; and
(f) if financial contributions will be required, summarise the provisions that relate to financial contributions in the district plan or regional plan prepared under the Resource Management Act 1991.

(2A) This section does not prevent a local authority from calculating development contributions over the capacity life of assets or groups of assets for which development contributions are required, so long as—
(a) the assets that have a capacity life extending beyond the period covered by the territorial authority's long-term plan are identified in the development contributions policy; and
(b) development contributions per unit of demand do not exceed the maximum amount allowed by section 203.]

(2B) Subject to subsection (2C), a development contribution provided for in a development contributions policy may be increased under the authority of this subsection without consultation, formality, or a review of the development contributions policy.]

(2C) A development contribution may be increased under subsection (2B) only if—
(a) the increase does not exceed the result of multiplying together—
(i) the rate of increase (if any), in the Producers Price Index Outputs for Construction provided by Statistics New Zealand since the development contribution was last set or increased; and
(ii) the proportion of the total costs of capital expenditure to which the development contribution will be applied that does not relate to interest and other financing costs; and
(b) before any increase takes effect, the territorial authority makes publicly available information setting out—
(i) the amount of the newly adjusted development contribution; and
(ii) how the increase complies with the requirements of paragraph (a).]

(3) If development contributions are required, the local authority must keep available for public inspection the full methodology that demonstrates how the calculations for those contributions were made.

(4) If financial contributions are required, the local authority must keep available for public inspection the provisions of the district plan or regional plan prepared under the Resource Management Act 1991 that relate to financial contributions.

(5) The places within its district or region at which the local authority must keep the information specified in subsections (3) and (4) available for public inspection are—
(a) the principal public office of the local authority; and
(b) such other places within its district or region as the local authority considers necessary in order to provide members of the public with reasonable access to the methodology, provisions, or plan.

(6) A policy adopted under section 102(1) must be reviewed at least once every 3 years using a consultation process that gives effect to the requirements of section 82.

Section 201 Contents of development contributions policy
A development contributions policy must contain a schedule in accordance with section 202. [Section 201(2)]

Section 202 Contents of schedule

The schedule must specify the development contributions payable in each district for reserves, network infrastructure and community infrastructure. [Section 202(1a)]

The schedule must specific the events that give rise to a requirement for a development contribution under section 198 when granting a resource consent, a building consent or an authorisation for service connection. [Section 202(1b)]

Section 203 Maximum development contributions not to be exceeded

Development contributions for reserves must not exceed the greater of a) 7.5% of value of additional allotments created by subdivision and b) value equivalent of 20 square metres of land for each additional household unit or accommodation unit created by the development

Development contributions for network infrastructure or community infrastructure must not exceed the amount calculated by multiplying the cost of the relevant unit of demand calculated under clause 1 of Schedule 13 by the number of units of demand assessed for a development or type of development, as provided for in clause 2 of Schedule 13, and as amended for any Producers Price Index adjustment adopted in a development contributions policy in accordance with section 106(2B).

Section 204 Use of development contributions by territorial authority

A development contribution must be used for or towards the capital expenditure of the reserve, network infrastructure, or community infrastructure for which the contribution was required, which may also include the development of the reserve, network infrastructure, or community infrastructure; but must not be used for the maintenance of the reserve, network infrastructure, or community infrastructure.

See also:

Section 198 Power to require contributions for developments

Section 205 Use of development contributions for reserves

Section 206 Alternative uses of development contributions for reserves

Subpart 5 Development Contributions

Schedule 13 Methodology for calculating development contributions

Have your say

Whether you agree, oppose or you have suggestions on things we could change for this proposal or any other proposal, we want to hear from you.

You can make a submission between 21 March and 21 April 2024

For more information about this proposal, and to see what else we are consulting on, go to **mpdc.govt.nz/ltp**

Making a submission

Go to **mpdc.govt.nz/ltp** to fill out the online form

Drop off form to any MPDC office

Mail to: PO Box 266, Te Aroha 3342

Email: info@mpdc.govt.nz

Please be aware that submissions made to Council are public information. Your submission will be used and reproduced for purposes such as reports to Councillors, which are made available to the public and media.

Key Dates

Council adopt proposal for community consultation	20 March 2024
Submission period	21 March – 21 April 2024
Community present submissions to Council	8 May 2024 (9 May if needed)
Proposal is adopted	26 June 2024
New Development Contributions apply	1 July 2024

5 Pūrongo me whakatau | Decision Reports

5.6 Adoption of Supporting Information and Consultation Document for the Long Term Plan 2024-2034

CM No.: 2833921

Te Kaupapa | Purpose

To present to Council for consideration and adoption:

1. The supporting information for the draft Long Term Plan 2024-2034 Consultation Document (supporting information)

2. Council's resolution to set an unbalanced budget for the Long Term Plan period and the reasons why this decision is considered prudent.

3. The Long Term Plan 2024-2034 Consultation Document for public consultation.

To present to Council for consideration and to receive:

1. The Audit opinion for the Consultation Document and Audit letter of representation.

The draft Long Term Plan 2024-2034, Consultation Document, Audit opinion for the Consultation Document and Audit letter of representation will be circulated separately to this report.

Rāpopotonga Matua | Executive Summary

The Long Term Plan

The Local Government Act (LGA 2002) requires local authorities to adopt a Long Term Plan every three years. The Council's current Long Term Plan was adopted in June 2021 and a draft Long Term Plan 2024-2034 (LTP) has now been prepared.

The purpose of the Long Term Plan is to describe the Council's activities and the community outcomes for its district. The Long Term Plan is also an opportunity to provide integrated decision-making and co-ordination of the Council's resources, and a long-term focus for its activities. It is a basis for accountability to the community (s93(6) LGA 2002).

Adopting the Long Term Plan and Policies as supporting information for public consultation

For the purpose of public consultation, the draft LTP and some additional policies become the supporting information for the consultation document. This supporting information must be adopted before the consultation document itself is adopted.

Resolving to set an unbalanced budget

Council is proposing to set an unbalanced budget for all years of the draft Long Term Plan 2024-2034. The reasons and implications of this decision and the consideration of prudency is outlined in this report.

Adopting the Consultation Document for public consultation

In accordance with the LGA a Consultation Document has been prepared and audited that will enable the Council to consult with its community on the information the Council intends to include in its Long Term Plan 2024-34.

The purpose of the Consultation Document is to provide a fair representation of the matters that are proposed for inclusion in the LTP. This must be presented in a way that explains the overall objective of the Council's proposals for the next 10 years, the effect of these on rates, debt, and levels of service, and that can be readily understood (s93B LGA 2002).

Audit of the Consultation Document

An audit of the Consultation Document has been undertaken. The Auditor-General (through Audit NZ) will report on the quality of the information and the assumptions underlying it, and whether the Consultation Document gives effect to the purpose set out in s 93B LGA 2002.

Audit Director, René van Zyl will be in attendance to present the Audit opinion to Council. A copy of the Audit opinion and letter of representation will be circulated separately to this report.

Structure of this report

This report is organised into four parts as below:

Part One: Adoption of the documents that make up the supporting information for the Consultation Document (outlined in Table 1 below). Note: This includes policies previously adopted for other purposes (e.g. public consultation)

Part Two: Resolution that Council proposes to set an unbalanced budget for the LTP period and outline of the reasons why Council considers this decision is prudent

Part Three: Adoption of the Consultation Document for public consultation

Part Four: Receive the Audit opinion and letter of representation

Table 1: Documents to be adopted as supporting information for the Consultation Document:

Document	Notes (All documents here to be adopted as **supporting information –** including those adopted previously for other purposes e.g. public consultation)
Draft Long Term Plan	
Section 1 Introduction and Overview	
Section 2 Key Assumptions	
Section 3 Financial Strategy	
Section 4 Infrastructure Strategy	

Document	Notes (All documents here to be adopted as **supporting information –** including those adopted previously for other purposes e.g. public consultation)
Section 5 What we do	
Section 6 Financials	
Section 7 Policies	
Section 8 Council Controlled Organisations	
Section 9 Placeholder for Audit Opinion	
Policies	
Liability Management Policy	Adopted at Council meeting 24.01.24
Investment Policy	Adopted at Council meeting 24.01.24
Revenue and Financing Policy and Statement of Proposal	To be adopted for public consultation at Council meeting 20.03.24 (refer separate agenda item)
Rates Remission and Postponement Policy and Statement of Proposal	To be adopted for public consultation at Council meeting 20.03.24 (refer separate agenda item)
Fees and Charges and Statement of Proposal	To be adopted for public consultation at Council meeting 20.03.24 (refer separate agenda item)
Development Contributions Policy and Statement of Proposal	To be adopted for public consultation at Council meeting 20.03.24 (refer separate agenda item)

Tūtohunga | Recommendation

Part One: Adoption of supporting information

That:

1) **Council receives the report**

2) **In accordance with section 93G of the Local Government Act 2002 Council adopts all information that is:**

   (a) **relied on by the content of the consultation document**

   (b) **necessary to enable the Auditor to give the opinion on the consultation document.**

   (c) **that provides the basis for preparing the Long term plan**

3) **In accordance with the Local Government Act 2002, Council adopts the following information in the form of a draft Long Term Plan 2024-2034 as supporting information, with the following sections:**

   (a) **Draft Introduction and overview (Section 1)**

   (b) **Draft Key assumptions (Section 2)**

   (c) **Draft Financial strategy (Section 3)**

   (d) **Draft Infrastructure strategy (Section 4)**

   (e) **Draft What we do (Section 5 – including groups of activities and performance measures)**

   (f) **Draft Financials (Section 6)**

   (g) **Draft Policies (Section 7 – including draft Revenue and financing policy)**

   (h) **Draft Council controlled organisations (Section 8)**

   (i) **Placeholder for Audit opinion (Section 9)**

4) **In accordance with the Local Government Act 2002, Council adopts the following as supporting information:**

   (a) **Liability management policy**

   (b) **Investment policy**

   (c) **Revenue and financing policy**

   (d) **Rates remission and postponement policy**

   (e) **Fees and charges 2024/25**

   (f) **Development contributions policy**

5) **Council authorise staff to make any further minor amendments to the supporting information as needed for accuracy, clarity or consistency.**

Part Two: Resolution on unbalanced budget

6) In accordance with Section 100(2) of the Local Government Act 2002, Council resolves that projected operating revenue will not meet operating expenses in all years of the Long Term Plan 2024-2034, and that therefore Council will have an unbalanced budget.

7) In accordance with Section 100(2) of the Local Government Act 2002, Council resolves that this decision is prudent considering:

(a) That it is expected that levels of service will be maintained over the 10 years

(b) Projected funding for these services is deemed appropriate and prudent

(c) Intergenerational equity is achieved by ensuring that a) the current generation does not fund replacement of assets significantly in advance of when their replaced will occur, and that are not considered essential to desired levels of service and, b) that the groups using these assets will fund upgrades or replacement if and when they may consider it is necessary

(d) The approach is consistent with the Revenue and Financing Policy

8) In accordance with Schedule 10(14) of the Local Government Act 2002, Council resolves that the reasons and implications of the decision are:

(a) We will manage the level of rates increases over the next 10 years by keeping them affordable and avoiding significant fluctuations. This will mean we focus on compliance related projects and limit discretionary projects.

(b) We are planning to remove wastewater bio solids (sludge) from Morrinsville and Te Aroha over a 5-year period at a cost of $8.5 million, but to fund this work over a 15-year period. This will mean we can smooth the impact on ratepayers of work that will have benefits for many years to come.

(c) We are proposing to not fund the total asset depreciation expense each year. This will mean that we will not fully fund depreciation for assets within the community facilities, roading and stormwater activities.

Part Three: Adoption of consultation document

9) Council adopts the consultation document for the draft Long Term Plan 2024-2034 for public consultation.

10) Council authorises staff to make any minor amendments to the draft consultation document as needed for clarity, accuracy or consistency.

Part Four: Receipt of audit opinion

11) **Receives the Audit opinion from Audit New Zealand, on behalf of the Auditor-General.**

12) **The Committee receives the Letter of representation from Audit New Zealand, on behalf of the Auditor-General.**

Part One – Adoption of supporting information

Horopaki | Background

The Long Term Plan

A Long Term Plan is prepared every three years, covers ten years (and includes an Infrastructure Strategy for a 30-year period), must include specific information as prescribed in the Local Government Act 2002 (LGA), must be audited, and can only be adopted after a period of public consultation.

Council's current Long Term Plan was adopted in June 2021 and is due to expire 1 July 2024. The draft Long Term Plan 2024-2034 has now been prepared by Council as supporting information to the Consultation Document, along with some additional information.

Purpose
The purpose of the Long Term Plan is to describe the Council's activities and the community outcomes for its district. The Long Term Plan is also an opportunity to provide integrated decision-making and co-ordination of the Council's resources, and a long-term focus for its activities. It is a basis for accountability to the community (s93(6) LGA 2002).

Public consultation
In order to provide an effective basis for public participation in the Long Term Plan decision making process, the LGA requires a consultation document is prepared (s93B LGA 2002). For the purposes of public consultation, the draft Long Term Plan becomes supporting information to the consultation document.

Other supporting information

Alongside the draft Long Term Plan, a number of policies also constitute a part of the supporting information.

- Draft Revenue and Financing Policy (also part of the Long Term Plan, Section 7)
- Draft Rates Remission and Postponement Policy
- Draft Fees and Charges 2024/25
- Draft Development Contributions Policy
- Liability Management Policy
- Investment Policy

Process for adoption of supporting information

Council must adopt the supporting information before it adopts the consultation document.

Consultation on the supporting information

The supporting documentation is made available on Council's website during the consultation period for public reference, but the legislation makes it clear that other than the draft policies, Council should not be consulting on the supporting documentation itself.

Ngā Take/Kōrerorero | Issues/Discussion

Summary of supporting information documents

The table below sets out the documents that make up the supporting information to the consultation document.

Table 1: Documents to be adopted as supporting information

Document	Notes (All documents here to be adopted as **supporting information** – including those adopted previously for other purposes e.g. public consultation)
Draft Long Term Plan	
Section 1 Introduction and Overview	
Section 2 Key Assumptions	
Section 3 Financial Strategy	
Section 4 Infrastructure Strategy	
Section 5 What we do	
Section 6 Financials	
Section 7 Policies	
Section 8 Council Controlled Organisations	
Section 9 Placeholder for Audit Opinion	
Policies	
Liability Management Policy	Adopted at Council meeting 24.01.24
Investment Policy	Adopted at Council meeting 24.01.24

Document	Notes (All documents here to be adopted as **supporting information** – including those adopted previously for other purposes e.g. public consultation)
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Development Contributions Policy and Statement of Proposal	To be adopted for public consultation at Council meeting 20.03.24 (refer separate agenda item)

Draft Long Term Plan 2024-2034 (LTP)

Content

Under the Local Government Act 2002, Council has to set out its long term plans for the community. The Long Term Plan:

- Identifies the key projects to take place over the next ten years
- Provides an overview of each activity Council will carry out and the services Council will provide for the next ten years
- Determines how much this will cost and how Council will fund it.

The Draft LTP 2024-2034 outlines Council's plan for the next ten years. It focusses on keeping rates affordable by prioritising the 'must do' projects while still making strides towards achieving its community outcomes.

Development of the LTP

The draft Long-Term Plan 2024-2034 has been developed over the last 18 months by staff, with direction provided throughout the process by the Mayor and Councillors.

A series of Council workshops were held to determine Council's overall direction and, as the LTP was developed, to fine tune specific details. Council has played an active role in reviewing the information that provides the basis for preparation of the draft LTP. The Council met regularly from February 2023 to January 2024 to review the key documentation and provide guidance to staff.

This included guidance on the overall direction and parameters to apply to the development of the draft LTP, including expectations for balancing a range of factors including:

- The ongoing impacts of challenges faced by our community such as the rising cost of living and affordability issues
- The challenge of meeting additional compliance costs across Council activities (particularly three waters), rising inflation, interest and other costs impacting Council operations and capital projects.
- Government reforms

Council also determined its approach to matters including:

- Rate levels
- Debt levels
- Financial headroom
- The capital works programme
- Levels of service
- Cost saving options

Risk and Assurance Review

Regular updates have been provided to the Risk and Assurance Committee on both the process and draft content of the developing LTP, and the committee's comments and review incorporated into the development of the documents.

Quality Review

As part of the process of developing the draft LTP and consultation document an independent review was commissioned in January 2024 to consider the following:

- The continuity and consistency of the strategy and key messages throughout the LTP as a whole.
- Completeness against legislative requirements.
- Assessment against the Local Government sector best practice guidance.

The independent quality review found that generally the draft LTP was largely compliant and consistent while pointing out some specific areas for improvement, which were subsequently addressed by staff.

Audit

The consultation document is the primary document audited by Audit NZ. However, the draft LTP is also audited as supporting information to the consultation document.

At the time of writing Audit NZ is nearing completion of the audit process and will be in attendance to present their audit opinion.

<u>Overview of the sections of the draft LTP</u>

The LTP consists of nine sections. A discussion of the key content of each of the sections is below.

Section 1: Draft Introduction and Overview

This section contains the Mayor's Forward, the function of the Long Term Plan, Council's planning cycle, Council's strategic planning and implementation framework, and ways for the community to give feedback on the LTP. It gives a snapshot of our District now and in thirty years' time, details the Councillors, Council's governance structure and Māori engagement in decision making, and Council's purpose, vision and community outcomes. It highlights the four key drivers / challenges which are referred to throughout the LTP –. Affordability, Growth and demand, Compliance, and Climate change and resilience, and how Council will respond to these. Finally, it outlines an additional challenge faced by Council – legislative change.

Section 2: Draft Key assumptions

The Key Assumptions represent the important trends and projections expected to affect the Council and the District over the next ten years, and are one of the essential building blocks in the development of the LTP, and a key focus for Audit. The key assumptions are used to provide a common set of data and direction for the organisation to use in its planning, to be used in conjunction with a wider set of corporate level assumptions and activity-specific assumptions. These assumptions have been fully revised since the last LTP and workshopped with elected members, a new structure included to improve readability, and the assumptions grouped and aligned (where applicable) with the four key drivers / challenges. The groups of assumptions are as follows: Significant assets, Policy landscape, Growth and demand, Climate change and resilience, Compliance, Affordability and Council services.

Section 3: Draft Financial strategy
The purpose of a Financial Strategy is to a) facilitate prudent financial management by Council and b) provide a context for consultation on Council's proposals for funding and expenditure by making transparent the overall effects of those proposals on Council's services, rates, debt, and investments.

The draft Financial Strategy outlines our key drivers and responses, our goals and how we will achieve them: 1) to maintain current levels of service 2) to improve some levels of service where this complements our vision 3) to set prudent limits on rates and rates increases 4) to set prudent limits on debt, the risks, and other financial matters as required under the LGA.

More information on our rates and debt

Goal 3: To set prudent limits on rates and rate increases
Proposed rates for the next 10 years

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Proposed total rates revenue* $000	51,129	59,162	62,903	66,567	70,267	73,229	75,531	77,329	78,756	80,755	81,897
Proposed increase in total rates revenue*	14.4%	15.7%	6.3%	5.8%	5.6%	4.2%	3.1%	2.4%	1.8%	2.5%	1.4%

*Total rates revenue includes targeted rates from metered water that is charged to large industries and extra-ordinary water users.

Increases in three waters operating expenses, capital budgets and debt have a significant impact on Council finances in the early years of this plan.

The changes are driven by the need:
- to comply with tougher regulations - particularly for drinking water and sewerage treatment.
- to have more robust systems to deliver the services we provide to the standards expected.

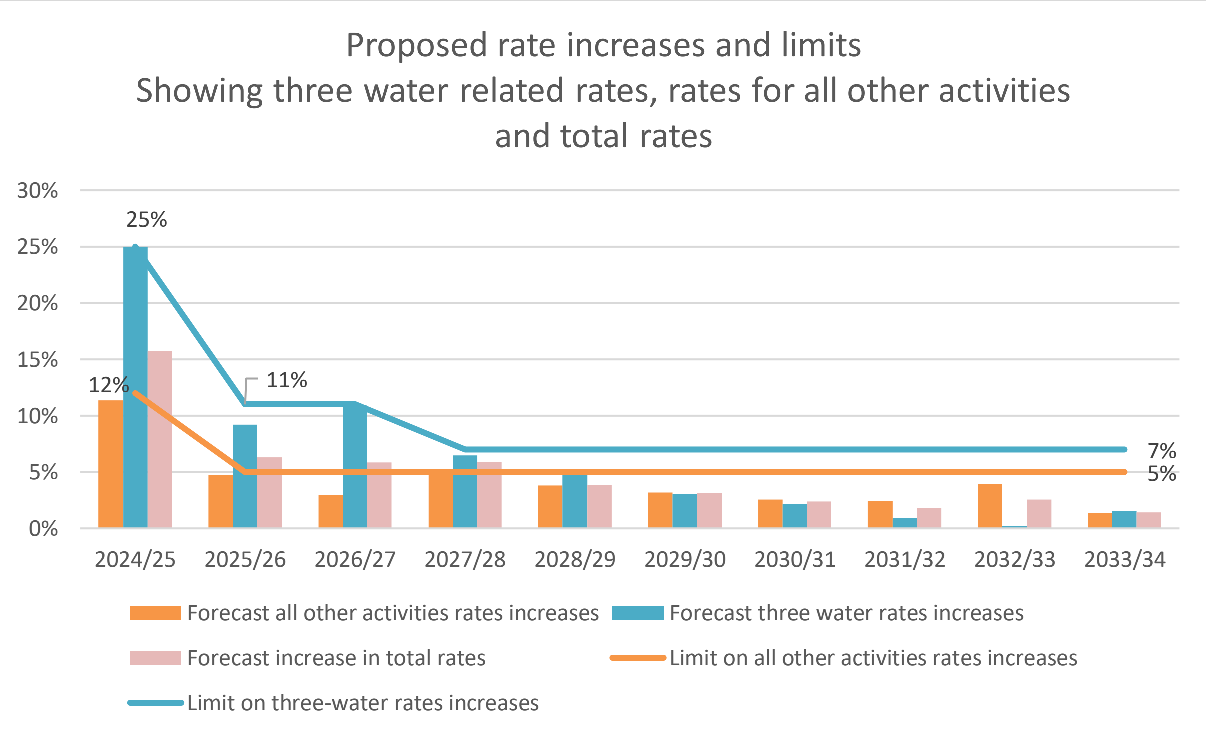
Regulators can have a major influence on the focus and timing of investments Council has to make. Council has more choice/discretion in non-three waters activities. For this reason, Council has decided to set two rating limits for the 10-year period:

Three waters activities

Rates for the three water services will not increase by more than 25% in 2024/2025, 11% in 2025/2026 and 2026/2027, and will not increase by more than 7% over the remainder of the 10-year period.

All other activities

Rates for all other rates funded activities will not increase by more than 12% in 2024/2025, and will not increase by more than 5% over the remainder of the 10-year period.



Goal 4: To set prudent limits on debt

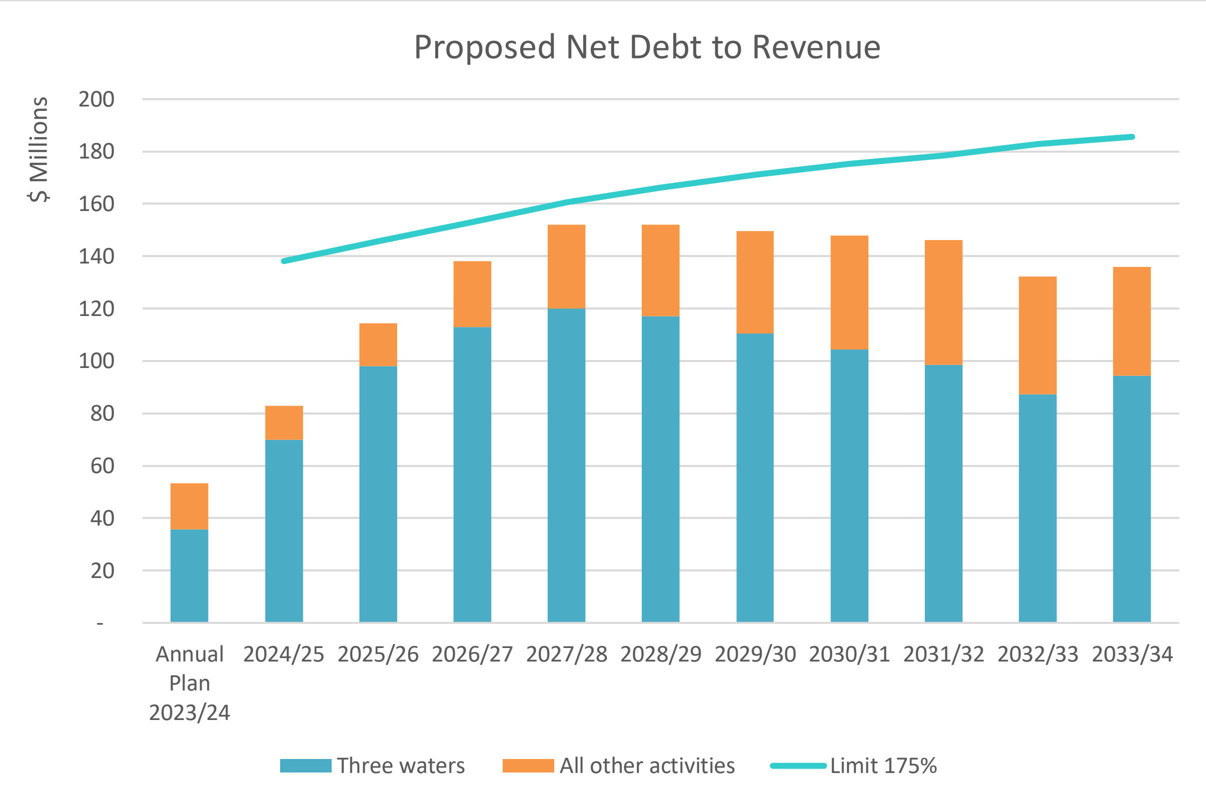
We currently borrow money to pay for new assets – for water, wastewater, roads and community buildings and facilities that will service the community over a long period of time.

Using loans to pay for these kinds of assets means we can recover the costs over time, so that both current and future ratepayers pay their fair share.

It also means that increases in rates are usually more stable/steady, as the cost of the asset is spread out over a longer period. While having a certain level of debt makes sense, it can also make us feel uncomfortable – we shouldn't borrow any more than we can comfortably afford to pay interest on, or eventually repay.

The New Zealand Local Government Funding Agency (LGFA) are one of the main lenders to New Zealand Councils. As our key lender, LGFA have set a limit on how much they believe our Council can comfortably borrow, based on our net debt compared to revenue – which is set at a ratio of 175%. (Net debt is external borrowing less cash and investments).

Up until now, Council have set our own internal limit at a more conservative level of 150%. We have only before reached as high as 47%, and have felt comforted by the extra buffer within our debt limits, which provides opportunity to the district if new things come up, and security if the worst happens.



To fund the MUST DO capital work required for our three waters activities, we're proposing to increase our debt significantly over the first 3-4 years of this plan. This would push our debt over 150%, peaking at $152 million or 166%, meaning we would exceed our current limit and have very little-to-no headroom for much of the next 10 years. These pressures mean that we feel there is little option but to increase our limit to 175% - however this is not a target. Any borrowing adds additional interest costs to ratepayers, so all projects will continue to be carefully considered with that tension in mind.

How our actual debt tracks against this forecast will depend significantly on how well we progress with our planned capital programme. We expect our debt to be, on average, around 143% of our revenue over the next 10 years.

Risk management strategies for debt are outlined in Council's Liability Management Policy, including strategies to manage interest rate risk, limits to manage liquidity and funding exposure, counterparty credit exposure, debt repayment, borrowing limits, maintaining financial covenants and security arrangements. The full Policy can be found on the Council website. Council has an opportunity to review the impact of interest rates on its overall costs and rates with the Community at each Annual Planning round, and can look to slow and spread capital work programmes and/or levels of service accordingly and where this is acceptable to our regulators. However, should a significant event occur there is uncertainty as to whether the headroom will be sufficient. Included within the headroom, we have a $5.4m investment fund for emergencies and a $6m credit facility for urgent cashflow requirements.

Section 4: Draft Infrastructure strategy

The purpose of an Infrastructure Strategy is to a) Identify significant infrastructure issues facing Council over the period of the strategy and b) Identify the principal options for managing those issues and the implications of those options.

The groups of activity included in the strategy are Water, Wastewater, Stormwater, Roading, Rubbish and recycling, Parks and open spaces and Community facilities and property. The Strategy sets out Council's key principles for managing its assets, namely: looking after what we have, focusing on the must dos i.e. complying with legislative requirements, including only a few should dos, smoothing renewals and reducing some roading renewals. The Strategy provides a snapshot of our District and Council's assets, outlines the method used to prioritise capital projects and asset renewals, and discusses Council's approach to risk management. It sets out the most likely scenario for our District in 2054 and how Council will respond. The Strategy discusses the four key drivers / challenges that feature throughout the LTP and how Council will address these in respect of its assets. The Strategy discusses 6 key areas of work:

1) investment in roading renewal,
2) meeting water demand,
3) prioritising capital projects,
4) responding to climate change,
5) servicing growth,
6) meeting our waste minimisation targets.

For each it outlines a range of options, associated costs and the preferred option. It then discusses each group of activity in more detail. The Strategy concludes with a Financial Summary.

Section 5: Draft What we do

This section details Council's eight groups of activity – Community Facilities and Property, Strategy and Engagement, Roading, Rubbish and Recycling, Stormwater, Wastewater, Water, Consents and Licensing. For each group of activity, we identify how the group contributes to our vision and community outcomes, how the key drivers / challenges impact on the group and how Council will respond, our goal in respect to levels of service for that activity, any negative impacts it may have, key legislation etc that guide the planning and operation, the funding source, our projects over the next 10 years, the performance measures and targets we will report on and the funding impact statement.

Section 6: Draft Financials

The information in this section underpins the summary financial information including rate and debt limits presented in the consultation document. The underlying financials include: a) Statement of comprehensive revenue and expense, b) Statement of changes in equity, c) Statement of financial position, d) Statement of cash flows e) Statement of accounting policies and f) other legislative disclosures including a discussion on the decision to have an unbalanced budget, Self-funding activities, Non funded depreciation, Depreciation and amortisation expense by group of activity, Reserve funds, Funding impact statement for whole of Council, Calculation of rates, Financial prudence disclosures.

Section 7: Draft Policies

The Policies section of the draft LTP includes a) Draft Revenue and Financing Policy in full and b) Significance and Engagement Policy in summary.

Section 8: Draft Council controlled organisations

This section outlines the Council Controlled Organisations we are part of, namely: Waikato Regional Airport Ltd (WRAL), Waikato Local Authority Shared Services Limited (WLASS) - trading as Co-Lab, and the Hauraki Rail Trail Charitable Trust. For each we have provided detail on their ownership structure, the nature and scope of their activities and their key performance targets. Council has provided a reporting exemption for the Hauraki Rail Trail Charitable Trust.

Section 9: Placeholder for Audit Opinion

Currently contains a short explanation of the audit process, to be replaced by the Audit Opinion on the final LTP in due course.

<u>Other supporting information</u>

Alongside the draft LTP, the other documents that are part of the supporting information for the consultation document are:

Policy	Content
Revenue and Financing Policy	The Revenue and Financing Policy sets out how the Council funds each activity it is involved in. The Council is required to have this policy to provide predictability and certainty about the sources and levels of funding for operating and capital expenditure. *Refer separate agenda item.*
Rates Remission and Postponement Policy	The Policies on Remission and Postponement of Rates enable Council to consistently and fairly remit rates or penalties on rates, or allow postponing rates payments in various situations. The policy is intended to provide rates relief in certain situations to support both the fairness and equity of the rating system and the overall wellbeing of the community. *Refer separate agenda item.*
Development Contributions Policy	Development contributions (DCs) are charged to people who are developing property in the district. These payments ensure we can continue to provide assets and services to meet the demand created by growth. *Refer separate agenda item.*
Fees and Charges 2024/25	Sets Council's schedule of fees and charges Refer separate agenda item.
Liability Management Policy	Council's policies in respect of the management of borrowing and other liabilities
Investment Policy	Council's policies in respect of investments

Mōrearea | Risk

The major risks to budgets as set out in the forecasting assumptions in the draft LTP include

- Capital programme delivery
- Borrowing/interest rates
- Revenue from development contributions
- Return on investments
- Inflation
- Waka Kotahi funding
- Rating unit growth

The forecasting assumptions in the LTP document outline the level of uncertainty and impact of the risks associated with these assumptions.

Ngā Whiringa | Options

There are two options for consideration

Option One – Council approves the supporting information	
Advantages	**Disadvantages**
Keeps within current timeframes	Potential opportunities for amendments to the supporting documentation may not have been considered.

Option Two – Council recommends further changes be made to the supporting information before approval	
Advantages	**Disadvantages**
Potential opportunities for supporting documents to be amended and reconsidered.	Delay in adopting the supporting documentation (depending on the duration) will delay commencement of public consultation.

Recommended option

Option 1 is the recommended option.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

The Local Government Act 2002, the Local Government (Financial Reporting and Prudence) Regulations 2014 and the Local Government Rating Act 2002 are the key legislative documents pertaining to the Long Term Plan. The key legislative requirements are set out below.

Local Government Act 2002

Section 93 of the LGA sets out the key requirements for a Long Term Plan and the purpose namely to:

a) describe the activities of the local authority; and
b) describe the community outcomes of the local authority's district or region; and
c) provide integrated decision-making and co-ordination of the resources of the local authority; and
d) provide a long-term focus for the decisions and activities of the local authority; and
e) provide a basis for accountability of the local authority to the community.

Part 1 of Schedule 10 of the LGA sets out what information must be included namely:

1) Community outcomes
2) Groups of activities
3) Capital expenditure for groups of activities
4) Statement of service provision
5) Funding impact statements for groups of activities
6) Variation between Council's LTP and assessment of water and sanitary services and waste management plans
7) Council controlled organisations
8) Development of Māori capacity to contribute to decision-making processes
9) Financial Strategy and Infrastructure Strategy
10) Revenue and Financing Policy
11) Significance and Engagement Policy

12) Forecast financial statements
13) Financial statements for previous year
14) Statement concerning balancing of budget
15) Funding impact statement
16) Rating base information
17) Reserve funds
18) Significant forecasting assumptions

Section 96 of the LGA states that when a council adopts a LTP it is providing a formal and public statement of the council's intentions; but a resolution to adopt a LTP does not constitute a decision to act on any specific matter included within the plan. There are statutory restrictions if Council wants to deviate from the direction established in the adopted LTP.

Staff have completed detailed assessments of the draft LTP's compliance with the legislative requirements in order to ensure we have met all requirements.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Significance

The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

In making this assessment, consideration has been given to the likely impact, and likely consequences for:

a) the current and future social, economic, environmental, or cultural well-being of the district or region
b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter
c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a high level of significance.

Development of the LTP is a matter of high significance. For this reason the LGA 2002 requires the Council to use the special consultative procedure when consulting with its community on adoption of the Plan (s 93(2) LGA 2002).

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	Options are addressed above in this report.
Section 78 – requires consideration of the views of Interested/affected people	Public consultation will occur in accordance with the prescribed special consultative procedure.

Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a high level of significance.
Section 82 – this sets out principles of consultation.	Public consultation will occur in line with LGA requirements

<u>Policy Considerations</u>

1. To the best of the writer's knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Included in the draft LTP is identification of variations from our Waste Management and Minimisation Plans and assessment of public toilets and sanitary services, as required by legislation. We have identified no significant variations.

Part Two – Resolution on unbalanced budget

Horopaki | Background

LGA Requirement – Balanced budget

Under the Local Government Act 2002, Council must ensure each year's projected operating revenue meets each year's projected operating expenses. [Section 100(1) of the LGA 2002]

However, Council may set projected operating revenue at a different level if it resolves that it is financially prudent to do so having regard to:

- The estimated expenses of achieving and maintaining levels of service, including maintaining service capacity and assets
- The projected revenue available to maintain service capacity and assets
- The equitable allocation of responsibility for funding assets and facilities
- Council's funding and financial policies

[Section 100(2) of the LGA 2002]

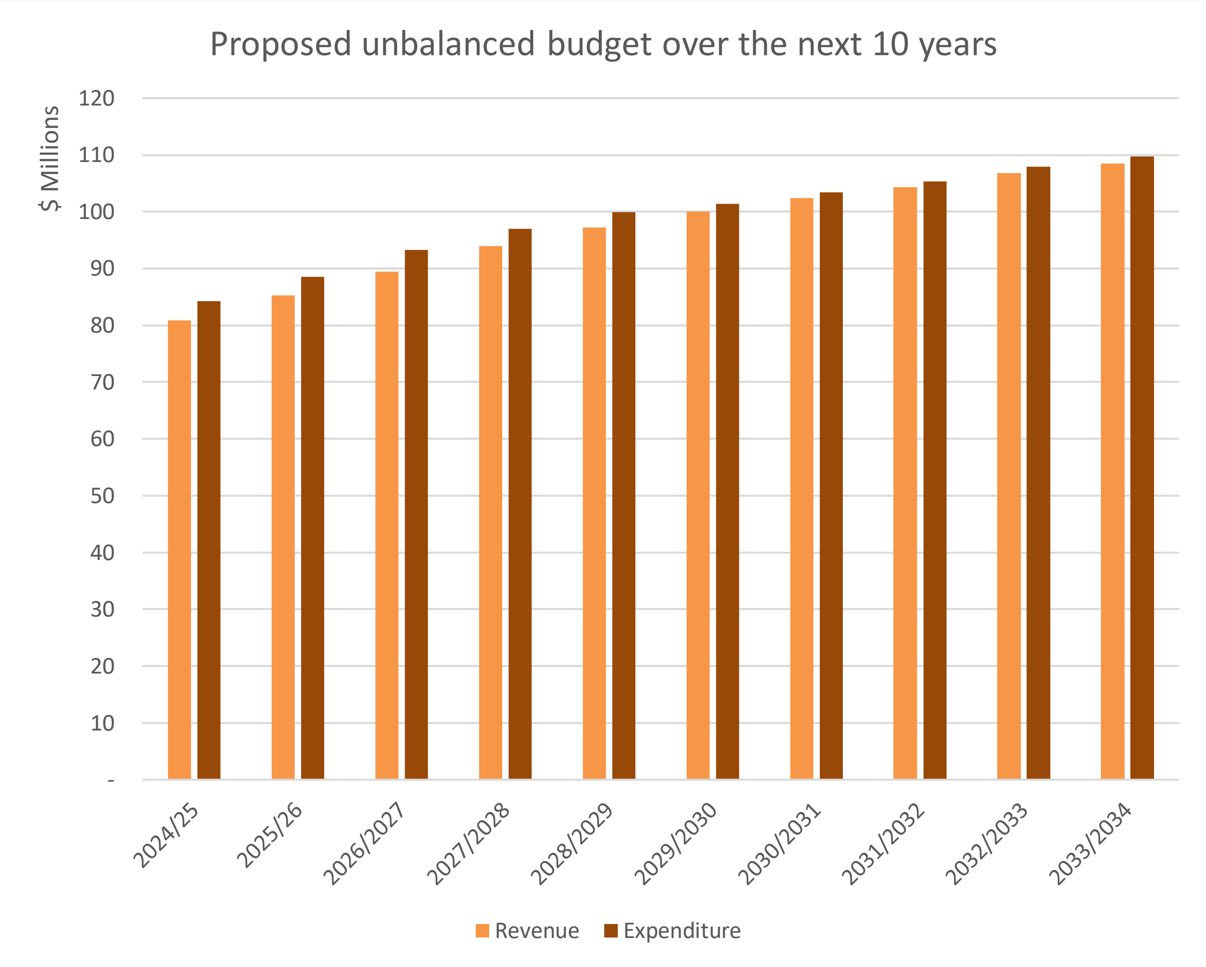
And if Council has resolved not to balance its operating budget in any year of the Long Term Plan then the Long Term Plan must include:

- A statement of the reasons for the resolution and any other matters taken into account and
- A statement of the implications of the decision

[Schedule 10(14) of the LGA 2002]

Ngā Take/Kōrerorero | Issues/Discussion

As outlined above, under the Local Government Act 2002, local authorities are required to set balanced budgets, where operating revenue is equal to expenditure. Council may operate an unbalanced budget only where this can be shown to be financially prudent. We're proposing to have an 'unbalanced budget' in all 10 years of this plan. This means that the revenue received each year will be less than the expenses for that year.



There are three reasons for this:

- To manage the level of rate increases (affordability) over the next 10 years
- We are not planning to fund the total depreciation expense each year
- We are planning to remove wastewater biosolids (sludge) for Matamata, Morrinsville and Te Aroha over a 5 year period. We are going to fund this work over a 15 year period.

Below is a summary of the considerations of prudency and the reasons and implications of the decision to set an unbalanced budget. For a full discussion please see the Draft LTP Section 3 Financial Strategy and Section 6 Financials, and the discussion in the Consultation Document under the 10 Year Picture section.

Prudency

In making sure this decision is prudent over the term of the LTP, Council have considered the risks and what affect they may have on the level of service we can provide, funding of the service and how it may impact both current and future ratepayers, and whether it complies with our funding and financial policies. These considerations are outlined below.

Reasons and Implications

1. Affordability

We have a goal to manage the level of rates increases over the next 10 years by keeping them affordable and avoiding significant fluctuations. Our capital programme is heavily dominated by infrastructure projects. This is influenced by regulation, particularly around three-waters, Government funding for roading and maintaining critical assets. Non-infrastructure activities are where we have more discretion and this is where we are planning the biggest trade-off with our improvement programme to keep rates as low as possible. We are limiting our discretionary projects to those that have already been committed to. This means that we cannot progress as many improvements as we would like.

2. Depreciation

Depreciation is an accounting entry not an actual cash expense.

Annual depreciation, which is reflected as an expense in each year, provides a guide on the amount of money that should be collected each year to fund the replacement of assets at the end of their life. Asset replacements are funded directly from rates. Asset lives are based on estimates and in general there is a low level of uncertainty. However, there is greater uncertainty related to the asset lives of stormwater assets. We don't believe it is necessary to collect the total depreciation expense each year for assets as outlined below:

a) **Community Facilities** - There are a number of buildings on Council land that are not owned by Council or are not essential to Council operations (including Community halls, Firth Tower museum buildings, etc.). Council has decided that it will not make provision to fund the replacement or refurbishment of these buildings, amounting to an average of $141,000 per year that would otherwise have to be recovered from rates or from users (or a mixture of both).

   Council's approach places the responsibility for building refurbishment and replacement on the users or owners of the buildings. The risk is that the different groups will not be able to raise the necessary funds to undertake this work. There may then be an expectation that Council will fund the work.

   However, Council has determined that this approach is prudent as the buildings in this category are not essential. Non replacement or non-refurbishment of the buildings is a valid option. This does not prevent owners or users of the buildings from funding the work required.

b) **Roading** - The renewal or replacement of roading assets is jointly funded by Council and Waka Kotahi/New Zealand Transport agency (NZTA).

   We have ensured that we rate for Council's share and have assumed the agency will continue to meet its obligations. This amounts to an average of $3.2 million per year which we would otherwise have to include in the rates.

   As Council is funding a sufficient amount to meet its share of the planned physical works, there is not considered to be any financial risk over the term of the 10 year plan. A fundamental assumption in this approach is that NZTA will continue to fund its share of the programme.

   On that basis Council is comfortable that the approach is prudent.

c) **Stormwater** - The amount of depreciation expense over the ten years is $12.1 million. In that period we are expecting to undertake $4.8 million of capital work.

   The 30-year projection in the infrastructure strategy shows that the major portion of our asset replacement or renewals occurs in the 20-year period after this plan.

   So instead of using depreciation as a guide, we have looked at how much we would have to invest each year to ensure we have sufficient funds to undertake the work. This has reduced our annual provision by an average of $908,000 per year. Alternatively, we would need to fund this amount through annual rates.

This is considered to be a low risk strategy as there will be a number of long term plans to review the calculations before the renewals programme escalates. Council considers it is prudent as the strategy is to ensure sufficient funding is available to meet the renewals programme. This strategy meets that test for the 10 year and 30 year planning periods.

3. Desludging

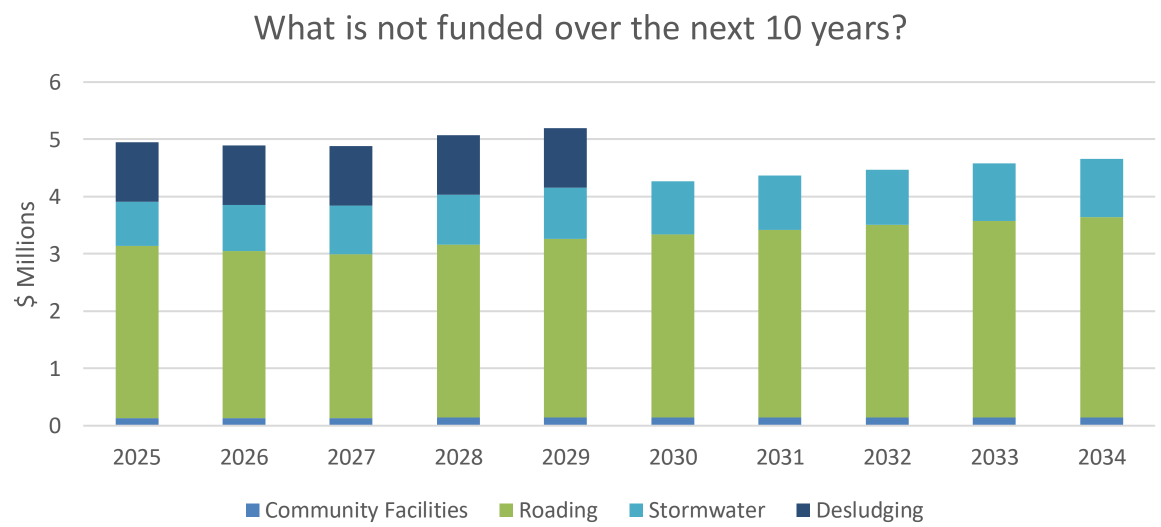
Council is planning to remove bio solids (sludge) in ponds in the Morrinsville and Te Aroha wastewater treatment plants. This is estimated to cost $8.5m and the work will be undertaken over 5 years. The sludge has built up over many decades.

We think it would be unfair, particularly in the current environment, to load all of that cost on ratepayers over a 5 year period. Instead it will be funded over 15 years, resulting in $1.04 million less funding from rates per year for the first 5 years.

This is considered to be a low risk strategy as Council can continue to manage within its prudent debt limits over the term of the LTP. Also funding the work for rates over 5 years would increase the risk of making rates less affordable. Council considers this strategy is prudent as it ensures the work is funded from the appropriate sources, over an extended period, and the desludging work will also provide the benefit of increased capacity over an extended period.

Overall impact of the unbalanced budget

Together, these alternative funding decisions result in a funding gap between revenue and expenses over the 10 year plan as follows:



We are not planning to take steps to achieve a balanced budget during this 10-year period. With each LTP cycle we will re-assess our financial position. We foresee that an unbalanced budget will likely continue past the 10-year period due to similar reasons as stated above for this cycle.

Except for the wastewater sludge removal projects, there is not expected to be any impact on our borrowing as a result of the unbalanced budget beyond this 10 year period. The proposed budget is based on a number of assumptions, with the risk of uncertainty and impact of which in some cases is high. A full understanding of these assumptions and risks is presented in the Long Term Plan document.

These funding decisions are consistent with the Revenue and Financing Policy.

Mōrearea | Risk

As outlined above, Council acknowledges these alternative funding decisions are not without risk, but considers them to be prudent considering that projected funding will ensure levels of service will be maintained and that intergenerational equity will be achieved by ensuring that the current generation does not fund replacement of assets significantly in advance of when their replacement will occur, or fund assets that are not considered essential to the desired levels of service. Council have noted that it will need to closely monitor and review risks related to the unbalanced budget throughout the period.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Ngā Whiringa | Options

There are two options for consideration:

Option 1: Council resolves to run an unbalanced operating budget for the period of the LTP 2024-34	
Advantages	**Disadvantages**
• It means we can reduce the rates required by $4.735 million on average for each year of the LTP without affecting levels of service. • It will help achieve intergenerational equity (in that today's ratepayers will not be funding tomorrow's ratepayer's share of the costs). • Except for the desludging project, there is not expected to be any further need for borrowing to cover the unbalanced budget	• There are additional risks around funding, e.g. if subsequent councils changed their mind around the future of some community facility buildings, if required renewals of stormwater or roading assets happen at different timing to what we expect – however we do have the ability to review this position on an annual basis.
Recommended?	Yes

Option 2: Rates are increased to ensure that projected revenues equal projected expenses (ie to achieve a balanced budget)	
Advantages	**Disadvantages**
• We would meet the expectation under the Local Government Act to balance the budget. • We would be able to repay loans sooner than currently budgeted, saving interest costs (although not meeting another aspect of the Act which requires council to consider intergenerational equity).	• Rates would need to increase by $4.735 million on average for each year of the LTP to achieve a balanced budget. We do not believe this is affordable in this current environment or prudent. • If we were to fully fund the depreciation expense, because the funding is not required for renewals, it would result in loans being repaid sooner, which effectively means that today's generation

		will be paying the next generation's share of the costs. For stormwater, because there are no loans, it would result in cash surpluses being built up over time.
Recommended?	No	

Recommended option

Option 1 is the recommended option.

Local Government Act 2002 (LGA 2002) Decision-making requirements

As set out above, the LGA requirements in respect to an unbalanced budget are the following:

Under the Local Government Act 2002, Council must ensure each year's projected operating revenue meets each year's projected operating expenses. [Section 100(1) of the LGA 2002] However, Council may set projected operating revenue at a different level if it resolves that it is financially prudent to do so having regard to:

- The estimated expenses of achieving and maintaining levels of service, including maintaining service capacity and assets
- The projected revenue available to maintain service capacity and assets
- The equitable allocation of responsibility for funding assets and facilities
- Council's funding and financial policies

[Section 100(2) of the LGA 2002]

And if Council has resolved not to balance its operating budget in any year of the Long Term Plan then the Long Term Plan must include:

- A statement of the reasons for the resolution and any other matters taken into account and
- A statement of the implications of the decision

[Schedule 10(14) of the LGA 2002]

Part Three – Adoption of consultation document

Horopaki | Background

Purpose

The purpose of a consultation document is to provide an effective basis for public participation in Council decision making processes relating to the content of the Long Term Plan.

[Section 93B of the LGA 2002]

Content

The consultation document must:

- Fairly represent the content in the LTP
- Explain the LTP's objectives and how rates, debt and levels of service may be affected
- Be easily understood
- Explain issues and choices and the consequences of these
- Facilitate discussion between Council and its communities

[Section 93B of the LGA 2002]

Ngā Take/Kōrerorero | Issues/Discussion

Key issues

The key issue that Council seeks to address is affordability – aiming to keep costs as low as possible for the community. Council proposes to prioritise a) looking after what we have, b) maintaining levels of service, c) smoothing costs, d) focusing on the must do projects, e) changing how we manage the roading budget, f) changing how we fund depreciation, g) increasing fees and charges.

The other key considerations are responding to compliance, growth and climate change.

Topics

The topics in the consultation document are as follows.
For consultation
The following topics are the ones for which Council is seeking public feedback:

1) Te Aroha Spa
2) Roading renewals
3) Walking and cycling improvements
4) Town centre upgrades
5) Additional playgrounds
6) Stage for Matamata Civic Centre
7) The services we provide
8) Te Aroha library
9) Rates or borrowing options

For information
The following topics are ones that are important matters that Council wants to inform our community about, but for which we are not currently asking for public feedback:

1) Resource recovery centre
2) Morrinsville stormwater upgrades
3) Wastewater treatment plant upgrades
4) Matamata Stadium

5) Waitoa water supply
6) Swimzone Morrinsville
7) Water Meters

Public consultation
The topics as outlined above in the consultation document (and supporting Information) are open to public submission.

The communications and engagement section below outlines in more detail the consultation process and timeframes.

Supporting information
The following table outlines where the supporting information for the topics in the consultation document can be found.

Consultation document topic	Supporting information					
	Section 1 Overview	Section 2 Key Assumptions	Section 3 Financial Strategy	Section 4 Infrastructure Strategy	Section 5 What We Do	Other
Affordability	✓	✓	✓	✓		
Compliance	✓	✓	✓	✓		
Growth	✓	✓	✓	✓		
Climate change	✓	✓	✓	✓		
Te Aroha Spa				✓	✓	MPDC website link
Roading renewal		✓		✓	✓	
Walking and cycling improvements				✓		MPDC LTP 2021-2031 link
Town centre infrastructure					✓	MPDC LTP 2021-2031 link
Additional playgrounds				✓		MPDC LTP 2021-2031 link
Stage for Matamata Civic Centre					✓	MPDC LTP 2021-2031 link
The services we provide		✓	✓	✓	✓	
Te Aroha library				✓	✓	
Our approach to rates and debt		✓	✓			Section 6 Financials
Resource recovery centre				✓	✓	
Morrinsville stormwater				✓	✓	
Wastewater treatment upgrades				✓	✓	
Matamata				✓		

Consultation document topic	Supporting information					
	Section 1 Overview	Section 2 Key Assumptions	Section 3 Financial Strategy	Section 4 Infrastructure Strategy	Section 5 What We Do	Other
Stadium						
Waitoa water supply				✓		
Swimzone Morrinsville				✓	✓	
Water meters				✓	✓	
Capital delivery		✓	✓	✓		
Unbalanced budget			✓			Section 6 Financials Revenue and Financing Policy
Managing debt			✓			Section 6 Financials Liability Management Policy

Ngā Whiringa | Options

There are two options for consideration:

Option 1: Council approves the consulation document for public consultation	
Advantages	**Disadvantages**
• Public consultation can take place within scheduled timeframe	• No further opportunities for Council to refine the consultation document
Recommended?	Yes

Option 2: Council recommends further changes be made to the consultation document before it is approved for consultation	
Advantages	**Disadvantages**
• Opportunities to further refine the consultation document	• Delays in undertaking public consultation with flow on implications for adoption of the LTP within statutory timeframes and for additional Audit costs
Recommended?	No

Recommended option

Option 1 is the recommended option.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

A Communications Plan has been developed and includes the following key phases

1) **Awareness campaign** Dec 2023-Feb 2024 – Purpose: raise community awareness of the issues Council faces in a relatable way
2) **Education – Speaker series** Feb-Mar 2024 – Purpose: key note speakers used to explore complex issues that directly and indirectly relate to Council's challenges
3) **Consultation period** – Mar-Apr 2024 – Purpose: consult with the community in accordance with the LGA 2002

Council is required to use the special consultative procedure as detailed in section 83 of the Local Government Act 2002 which states that the period of consultation must be not less than one month and we must provide an opportunity for persons to present their views in a manner that enables spoken (or New Zealand sign language) interaction between the person and elected members.

The Consultation Document will be available to the public on 21 March 2024. Submissions will be open to 21 April 2024.

The Consultation Document will advise members of the public where they may obtain the information that is relied on by the document and which provides the basis for the draft 2024-34 Long-Term Plan.

The consultation process will include newspaper advertising, email newsletters to subscribers, and a website for the community to access information. The public will be able to lodge submissions electronically and to use other online tools such as rates calculators. Hard copies of the Consultation Document and submission form will be available from the Council's libraries and offices from 21 March 2024.

Meetings with identified stakeholder groups will also be held during this period.

For people who wish to, the opportunity to present their views orally will be available as part of the Council hearings on 8-9 May (9 May if required). All submissions will then be considered before the Council meets at the end of June 2024 to adopt its 2024-34 Long-term Plan.

Timeframes

The following table sets out the key dates for the LTP process ahead:

Key Task	Dates
Risk and Assurance review of the Consultation Document	19 March 2024
Consultation Document approved (and supporting information) - **Council meeting**	20 March 2024
Public consultation/engagement period	21 March to 21 April 2024

Key Task	Dates
LTP hearings of submitters - **Council meeting**	8 May 2024 9 May 2024 (if required)
LTP deliberations/decision making - **Council meeting**	29 May 2024
Final LTP audit - **Draft LTP Available for audit**	6 June to 13 June 2024 *(to be confirmed)*
LTP Adoption **Rates struck for 2024/25** - **Council meeting**	26 June 2024
LTP in force	1 July 2024

Part four – Receipt of audit opinion

Horopaki | Background

Audit process

The consultation document has been subject to an independent audit by Audit NZ and also a Hot Review Audit (by the Office of the Auditor General). The Hot Review audit is undertaken by a separate review panel and is designed to ensure there is consistency between the audits being undertaken across New Zealand.

As the audit process has progressed, several issues have emerged that audit have placed particular focus on – Council's proposal to have an unbalanced budget, the do-ability of Council's capital programme and Council's planning and assumptions around three waters reform. At the time of writing, Council were still in discussion with audit on these matters.

Audit opinion

When Audit issue their audit opinion there are several options as to how this can be framed. There is potential for Council to receive an audit opinion including an "emphasis of matter" if the auditor wishes to draw reader/community attention to the risks in a particular area or a "qualified audit opinion" if they disagree with the assumption in an area (or any other aspect).

This website provides an overview of the language used in audit opinions:

Explainer: The language of audit opinions — Audit New Zealand (auditnz.parliament.nz)

The audit opinion is intended to be presented to Council this meeting and will be included in the consultation document (a legislative requirement s93C(4) LGA) before the document is printed and released for public submission.

A copy of the draft Audit opinion will be circulated separately to this report when available.

Letter of representation

A letter of representation is required to be signed by the Mayor and Chief Executive to confirm all requirements have been met in the preparation of the Consultation Document and underlying information.

A copy of the draft Letter of Representation will be circulated separately to this report when available.

Mōrearea | Risk

Three of the key risks highlighted in the consultation document are:

Capital programme delivery

There is a risk of Council not being able to deliver on 10-25% of its capital programme.

The implications of this are that a) Council would need to extend its programme and costs would likely increase, b) borrowing could be less over the 10-year period, c) work programme would be reprioritised to respond to any asset failures, d) planned improvements would not be undertaken, e) there would be impacts on levels of service, f) improvements would not be achieved.

Unbalanced budget

Council have proposed to have an unbalanced budget. Council have noted that it will need to closely monitor and review related risks throughout the period.

Managing debt

Council is proposing to increase its debt limit to 175%. Any borrowing adds additional interest costs to ratepayers, so all projects will continue to be carefully considered with that tension in mind. Risk management strategies for debt are outlined in Council's Liability Management Policy. If a significant event occurs, there is uncertainty as to whether the available emergency funds would be sufficient.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Local Government Act 2002 (LGA 2002) Decision-making requirements

Preparing and adopting a LTP is a matter of high significance. For this reason the LGA 2002 requires the Council to use the special consultative procedure when consulting with its community on adoption of the Plan (s 93(2) LGA 2002).

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

In May 2023, after a period of development, Council adopted its new Strategic Direction setting out its vision and community outcomes for the district. The draft LTP 2024-2034 uses this new strategic direction as its foundation.

Council's vision is:

Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. 'The heart of our community is our people, and the people are the heart of our community.

Council's community outcomes are:

- He wāhi kaingākau ki te manawa | a place with people at its heart
- He wāhi puawaitanga | a place to thrive
- He wāhi e poipoi ai tō tātou taiao | a place that embraces our environment
- He wāhi whakapapa, he wāhi hangahanga | a place to belong and create

The LTP contributes to all outcomes by setting the funding and activity framework for delivery of Council services and activities.

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO | OUR PLACE		MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI | STRATEGIC DIRECTION	
TŌ MĀTOU WHAKAKITENGA | OUR VISION Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. 'The heart of our community is our people, and the people are the heart of our community.			
TŌ MĀTOU WHĀINGA MATUA | OUR PRIORITIES (COMMUNITY OUTCOMES)			
He wāhi kaingākau ki te manawa | A place with people at its heart	He wāhi puawaitanga | A place to thrive	He wāhi e poipoi ai tō tātou taiao | A place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga | A place to belong and create

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The LTP Budget is $45,000 which is used primarily for external communications in support of the public consultation period. There is a separate budget for LTP Audit Fees.

The Audit engagement letter has outlined a base fee of $103,300. Subsequently Audit have indicated that the expected final cost is likely to be higher due to additional time being spent on the audit of the Consultation Document.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Anne Gummer **Policy Advisor**	

Approved by	Niall Baker **Policy Team Leader**	
	Erin Bates **Strategic Partnerships and Governance Manager**	
	Kelly Reith	

	Group Manager People, Governance & Relationships	

6 Ngā Pūrongo Whakamārama | Information Reports

6.1 Six Month Report July - December 2023

CM No.: 2834123

Te Kaupapa | Purpose

The Six Month Report is produced each year to provide an update on Councils' financials and performance during the period July – December 2023.

The Six Month Report will be circulated separately.

Rāpopotonga Matua | Executive Summary

Providing a Six Month Report to Council each year reflects the 'no surprises' approach staff endeavour to maintain. This is to ensure that the results of the Annual Report, that is required to be audited and adopted by 31 October each year, are not unexpected.

Tūtohunga | Recommendation

That:

1. The Six Month Report be received.

Horopaki | Background

The Local Government Act 2002 requires Council to adopt its audited Annual Report and Summary by 31 October each year. The Annual Report and Summary must be published within one month of adoption. The Annual Report and Summary must be audited, and an opinion on the Annual Report and Summary provided to Council and the report's readers.

The Six Month Report is produced each year to provide an update on Councils' financials and performance at the half-year mark.

Financial overview

At the time of writing the financials were not available. A financial overview is included within the Six Month Report.

Performance measure overview

As at the six month mark, 39 performance measures are on track to meet the target by the end of the year. 13 measures are not on track and 9 measures do not have information available. Some of the measures are reported on annually or biannually and are not available for reporting.

Some of the performance measures are measured through a Customer Survey (survey) that is undertaken by Versus Research (Versus). This survey asks how satisfied respondents are with a number of different services or facilities that Council provides. Respondents are asked to rate their satisfaction on a 6-point scale with 1 being very dissatisfied and 5 being very satisfied or a sixth option of don't know.

There are 400 randomly selected people surveyed annually. The results from July-December 2023 are based on the responses of 200 randomly selected people throughout the District. Versus ensure respondents are representative of the overall population of our district in regards to where they live, their sex, age, ethnicity and so forth.

The six month dashboard provided by Versus is attached.

Ngā Take/Kōrerorero | Issues/Discussion

Any feedback or discussion on the Six Month Report is being sought by Council.

Mōrearea | Risk

Refer to discussion above.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

The Annual Report measures our performance against the Long Term Plan 2021-31.

Ngā Tāpiritanga | Attachments

A⇩. MPDC dashboard Quarter 2 2023 2024

Ngā waitohu | Signatories

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	Erin Bates **Strategic Partnerships and Governance Manager**	
	Larnia Rushbrooke **Finance and Business Services Manager**	

Item 6.1

Attachment A