

RAUTAKIINGA 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**

**7**

**WĀHANGA  
SECTION**

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# Te whiwhinga pūtea me tōnā kaupapahere | 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 have selected the funding sources for each activity, as set out in this policy, after considering 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 overall 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 approach 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 by the local communities where the halls are located;
- 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 distribution of benefits in the consideration process in the following terms:

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

### 3. The period over which benefits are expected to occur

During the development of this policy and the Long Term 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 policy, 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). This may involve borrowing as a way of spreading costs over a long period of benefit.

- 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, borrowing or proceeds from the sale of assets for example.

#### **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).
- Extraordinary demands from specific users – eg photocopying/GIS and mapping services.

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.

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 overall 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%). The 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.



## Differential general rates

Public good activities 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	<p>He wāhi kaingākau ki te manawa   A place with people at its heart</p> <p>He wāhi puawaitanga   A place to thrive</p>	<p>He wāhi kaingākau ki te manawa   A place with people at its heart</p> <p>He wāhi whakapapa, he wāhi hangahanga   A place to belong and create</p>	<p>He wāhi puawaitanga   A place to thrive</p>
Distribution of benefits	<p>Individuals: high (private occupancy)</p>	<p>Community within rural hall areas: high</p> <p>Individuals and area groups private hire: high</p>	<p>Community at large: high (access and availability)</p> <p>Private individuals: low individual or group utilisation</p>
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	<p>User charges to be set to recover costs.</p> <p>Economies of scale achieved to ensure costs are competitive and therefore charges below market levels are achieved</p>	<p>Selected funding sources assist with the achievement of the desired outcomes.</p> <p>The local communities within the major rating areas are the major users of the halls.</p> <p>The percentage recovery from fees and charges is a realistic amount. The local hall rates account for the difference</p>	<p>Selected funding sources assist with the achievements of the desired outcomes</p>
Funding sources	<p><u>User charges:</u> 100%</p>	<p><u>Targeted hall rates</u> on varying bases for each of the rating areas: 80%.</p> <p><u>Fees and charges</u> on varying bases for each of the rating areas</p>	<p><u>General rates:</u> 80-90%</p> <p><u>Fees and charges:</u> 10-20%</p>

## 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

Funding considerations	Community Facilities and Property					
	Cemeteries	Libraries	Parks and Open Spaces	Pools and Spas	Public Toilets	Community Venues
		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	<p>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.</p> <p>Recoveries from user fees will focus on additional services provided or costs incurred.</p>	<p>Setting the level of individual or group recovery too high will be counter-productive to the outcomes Council is seeking to achieve.</p> <p>Council has assessed a realistic and achievable target for user fees.</p> <p>Council will recover additional costs where possible</p>	<p>Setting the level of individual or group recovery too high will be counter-productive to the outcomes Council is seeking to achieve.</p> <p>Council has assessed a realistic and achievable target for user fees.</p> <p>A higher level would be preferred and in individual facilities, this may be achievable without compromising utilisation</p>	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	<u>General rates:</u> 30-60%  <u>Fees and charges:</u> 40-70%	<u>General rates:</u> 90-100%  <u>Fees and charges:</u> 0-10%	<u>General rates:</u> 90-100%  <u>Fees and charges:</u> 0-10%	<u>General rates:</u> 50-70%  <u>Fees and charges:</u> 30-50%	<u>General rates:</u> 100%	<u>General rates:</u> 60-80%  <u>Fees and charges:</u> 20-40%

## Roading and Rubbish and Recycling

Funding considerations	Infrastructure		
	Roothing	Rubbish and Recycling	
		Waste Management Facilities (Transfer Stations/Resource Recovery Centres)	Kerbside Collection Services
Community outcomes	<p>He wāhi puawaitanga   A place to thrive.</p> <p>He wāhi e poipoi ai tō tātou taiao   A place that embraces our environment</p>	<p>He wāhi e poipoi ai tō tātou taiao   A place that embraces our environment</p> <p>He wāhi puawaitanga   A place to thrive</p>	
Distribution of benefits	<p>Community at large: medium</p> <p>Private individuals: high</p>	<p>Community at large: medium (access, availability, healthy environment)</p> <p>Individuals: high</p>	<p>Individuals: high</p>
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	<p>Individuals generate waste and through their actions or inaction can significantly impact the waste volume.</p> <p>Some activities generate hazardous wastes or large volumes of waste</p>	Individuals generate waste and through their actions or inaction can significantly impact the waste volume
Transparency and accountability	<p>Council has limited ability to directly recover the private benefits other than through rates.</p> <p>Government subsidy contributes a significant portion of the total funding</p>	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	<p>Selected funding sources assist with the achievement of the desired outcomes.</p> <p>Council's ability to use general rate funding acknowledges the wider community benefits generates from the activity</p>	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	<p><u>Subsidy</u>: as determined by Government agency.</p> <p>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.</p> <p><u>General rates</u>: balance of funding</p>	<p><u>General rates</u> 55%-75%</p> <p><u>Fees and charges</u>: 25%-45% - Transfer station fees.</p>	<p><u>Targeted rate</u>: 90-100% on a uniform basis for serviced properties</p> <p><u>Fees and charges</u>: 0%-10%</p>



## Water, Stormwater and Wastewater

Funding considerations	Infrastructure		
	Stormwater	Wastewater	Water
Community outcomes	<p>He wāhi e poipoi ai tō tātou taiao   A place that embraces our environment</p> <p>He wāhi puawaitanga   A place to thrive</p>	<p>He wāhi e poipoi ai tō tātou taiao   A place that embraces our environment</p> <p>He wāhi puawaitanga   A place to thrive</p>	<p>He wāhi e poipoi ai tō tātou taiao   A place that embraces our environment</p> <p>He wāhi puawaitanga   A place to thrive</p>
Distribution of benefits	<p>Community at large: low (approximately 14% of the networks service public areas - roads, parks etc.)</p> <p>Township and property owners: high</p>	<p>Community at large: medium</p> <p>Individuals: high</p>	<p>Community at large: low-medium</p> <p>Private individuals: high</p>
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	<p>Properties connected to the sewer generate the waste.</p> <p>Rating legislation prevents residential properties being charged for more than one pan.</p> <p>Properties with more than one pan and with a higher intake of water are assumed to have a higher impact on the network.</p> <p>Some industries and businesses create high loading on the network</p>	<p>Activities that generate extraordinary levels of water utilisation</p> <p>Properties that are serviced by the reticulation, but not connected</p>
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	<p>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.</p> <p>Charging on a pan basis and modifying this by way of remission, further promotes accountability.</p> <p>Trade waste agreements address high impact activities</p>	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	<p><u>General rates:</u> 10-16%</p> <p><u>Targeted rate</u> on a uniform basis for serviced urban areas: 84-90%</p>	<p><u>Fees and charges</u> through trade waste agreements</p> <p>The balance of funding after fees and charges will come from either:</p> <p><u>General rates:</u> 0-6%, and/or;</p> <p><u>Targeted rate</u> on a per pan basis (using a scale of charges) for serviced urban areas: 94-100%</p> <p>Factors – properties connected Properties able to connect but not connected, Council will determine the actual percentages within the allowable range on an annual basis</p>	<p><u>Targeted rates</u> from metered water (including residential and from industry).</p> <p>The balance of funding after metered water will come from either:</p> <p><u>General rates:</u> 0-6%, and/or;</p> <p><u>Targeted rates</u> on a uniform basis for serviced urban areas: 94-100%</p> <p>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</p>

## 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	Selected funding sources assist with the achievement of the desired outcomes	Selected funding sources assist with the achievement of the desired outcomes	100% public funding to ensure achievement of desired outcomes is sustainable
Funding sources	<u>General rates:</u> 100%  <u>Exacerbator charges</u> where possible	<u>General rates:</u> 95-100%  <u>Fees and charges:</u> 0-5%	<u>General rates:</u> 100%	<u>General rates:</u> 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	<p>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.</p> <p>People who are irresponsible will pay a higher level again.</p> <p>The general rates funding</p>	<p>Council can demonstrate a strong linkage between the level of fees charged and the services received.</p> <p>Council is satisfied that the level of funding is consistent with the desired outcome to achieve managed and appropriate development for the community.</p>	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.	<p>Council can demonstrate a strong linkage between the level of fees charged and the services received.</p> <p>Council is satisfied that the level of funding is consistent with the desired outcome to achieve managed and appropriate development for the community.</p>

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	<p>General rates: 0-20%</p> <p><u>Fees and charges</u> (including fines): 80-100%</p>	<p><u>General rates:</u> 10-50%</p> <p><u>Fees and charges:</u> 50-90%</p>	<p>Licence processing: 100% <u>user pays</u></p> <p>Enquires/complaints/enforcement: 100% funded by <u>rates</u></p>	<p>Licence processing fees set by legislation</p> <p>Enquiries/complaints/enforcement: 100 % funded by <u>rates</u></p>	<p><u>General rates:</u> 100%</p>	<p>Planning Resource Consent Processing and monitoring: 100% <u>user pays</u></p> <p>Enquiries/complaints/enforcement: 100 % funded by <u>rates</u></p>



# 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 life 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
- Grants and 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.



# **Kaupapahere nui me te whakawhitiwhiti - rāpopotonga | Significance and engagement policy - summary**

The Local Government Act 2002 requires all councils to adopt a Significance and Engagement Policy to enable the community to understand when and how they can expect Council to engage with them about issues, proposals, assets, decisions and activities.

Our Significance and Engagement Policy was first adopted in 2014, and we have reviewed it regularly since then, most recently in 2023. The Policy helps us determine what the important issues are to the community, and how we will involve the community in making those decisions.

The purpose of the Significance and Engagement Policy is to:

- Enable Council and the community to identify the degree of significance of particular issues;
- Provide clarity about how and when the community can expect to be engaged in the decision making process; and
- Inform Council from the beginning of the decision making process about the level and type of engagement required.

In general, the more significant an issue, the greater the need for community engagement - however each issue will be dealt with on a case by case basis when determining the level and type of engagement required.

We have recently updated the criteria that we use when determining the significance of issues, proposals, assets, decisions and activities – shifting to a spectrum of significance, from low, medium to high. These criteria are intended to promote consistent significance assessments and recognise issues and decisions can have different levels of significance rather than being significant or not (a binary approach). This is depicted below.



When can the community expect to be involved?		
LOW	MEDIUM	HIGH
Once a decision has been made, or when action from the community is required.	When there is a draft to provide feedback on, however this may involve pre-consultation with particular interest groups contributing to the draft.	Specific community interest groups would generally be involved from the very beginning and throughout the whole process through to completion.

Degree of significance		
LOW	MEDIUM	HIGH
<b>Key considerations</b>	<b>Key considerations</b>	<b>Key considerations</b>
Affects a small sub group/s	Affects a large sub group/s	Affects a wide range of people
Likely to have little public interest	Likely to have moderate public interest	Likely to have high public interest
Low consequences for the present and future community	Moderate consequences for the present and future community	Large consequences for the present and future community
The issue, proposal, decision, or matter is unlikely to be of cultural significance to Māori and their relationship to culture, traditions, land, water and taonga	The issue, proposal, decision, or matter is likely to be of moderate cultural significance to Māori and their relationship to culture, traditions, land, water and taonga	The issue, proposal, decision, or matter is likely to be of high cultural significance to Māori and their relationship to culture, traditions, land, water and taonga
The issue, proposal, decision, or matter is strongly aligned with iwi aspirations and/or iwi have expressed support for the matter	The issue, proposal, decision, or matter is moderately aligned with iwi aspirations and/or there is no clear understanding/consensus	The issue, proposal, decision, or matter is not aligned with iwi aspirations and/or iwi have expressed opposition to the matter
Minimal financial impact (can be funded within existing budgets and/or no or minimal impact on rates/debt levels)	Moderate financial impact (not funded within existing budgets and/or moderate impact on rates/debt levels)	Significant financial impact (not funded within existing budgets and/or significant impact on rates/debt levels)
Decision is easily reversed	Decision is moderately difficult to reverse	Decision is highly difficult to reverse

Degree of significance		
LOW	MEDIUM	HIGH
Decision is likely to have a minimal flow on effect for future plans or budgets	Decision is likely to have a minor flow on effect for future plans or budgets	Decision is likely to have a significant flow on effect for future plans or budgets
Decision is unlikely to affect the level of service of a Significant Activity	Decision is likely to moderately affect the level of service of a Significant Activity	Decision is likely to significantly affect the level of service of a Significant Activity
The decision is considered to strongly support the District adapt to climate change and/or may result in a positive impact on the environmental wellbeing of communities	The decision is considered to moderately support the District adapt to climate change and/or considered to have a negligible impact on the environmental well-being of communities	The decision is not considered to support the District adapt to climate change and/or may result in a negative impact on the environmental well-being of communities
Views of the community are already known	Views of the community are already known however may have changed since views were initially sought	Views of the community are not known
There are no significant changes to what has already been agreed with the community through previous engagement	There are minor changes to what has already been agreed with the community through previous engagement	There are significant changes to what has already been agreed with the community through previous engagement

The Policy also provides examples as to how our communities can expect to be engaged depending on the degree of significance, for example from sharing information with our community, to attending open days and markets, to establishing Citizen's Assemblies.

Schedule 4 of the Significance and Engagement Policy lists our strategic assets. These include parks and open spaces (such as Firth Tower Reserve and Te Aroha Domain), Sport and Recreation Parks (such as Morrinsville Recreation Ground) and our community facilities and buildings (such as our libraries, offices, events centres and Swim Zone facilities).

Also included are our elderly persons housing, key infrastructure assets as a whole (including our roading network and water assets) and the shares we own in Waikato Regional Airport Limited.

Council's full Significance and Engagement Policy can be found on our website [www.mpdc.govt.nz](http://www.mpdc.govt.nz). A copy can be requested at our offices and libraries.

