

Te Kaupapa here mō ngā Moni Whiwhi me te Ahumoni Revenue and Financing Policy



A summary of proposed changes to this policy can be found on page 269

PURPOSE

The purpose of this policy is to set out the various funding sources that support the operational and capital expenditure of Horizons Regional Council ("Council").

This policy has been prepared in accordance with the Local Government Act 2002, sections 101-103. Council will manage its finances prudently and in a manner that promotes the current and future wellbeing of the region.

POLICY CONSIDERATIONS

Council considered the matters set out in section 101(3) of the Local Government Act 2002 to determine the most appropriate way of funding its activities. For each activity, Council considered:

- To which of Council's six community outcomes the activity primarily contributes,
- Whether the benefits of the activity are regional, individual or a community of interest, or a combination,
- The period of benefit,
- Who or what creates the need,
- Whether the activity should be funded separately from other activities or whether it could be "bundled" with others and why.

Council also considered the impact of the funding arrangements as a whole on the current and future wellbeing of the community.

GUIDING PRINCIPLES

Without undermining, or having more weight than, Council's section 101(3) analysis, the following principles also guided Council's consideration of the most appropriate way of funding each activity:

- **Manaakitanga** – Expressing kindness and respect for others, emphasising responsibility and reciprocity.
- **Īnati** – To share the mutual benefits of an action that has been worked upon in an alliance or in a collaborative way.
- **Intergenerational equity** – Payment for the benefits of an activity should be spread over the period those benefits occur. If future generations benefit from an activity, they should contribute to the cost.
- **Beneficiary pays** – Council seeks to allocate costs to those who benefit from its activities. It considers whether the benefits of an activity are region-wide or targeted to a specific community or portion of a community
- **Exacerbator pays** – If the actions or inactions of a particular person or group creates the need for an activity, then that person or group should contribute to the costs of that activity.
- **Efficiency** – Balancing the costs and benefits of implementing the funding method.



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- **Transparency and accountability** - Our communities should be able to tell what their money is being used for and whether they are receiving value for money.
- **Affordability** - Consideration of the communities' ability to pay.
- **Financial prudence** - Council's revenues, expenses, assets, liabilities, investment and general financial dealings should be managed in a prudent and sustainable manner

RELATED STRATEGIES AND POLICIES

This policy should be read in conjunction with the 2024-2034 Long Term Plan, Financial Strategy, and Liability Management Policy.

SOURCES OF FUNDING FOR OPERATIONAL EXPENDITURE

Council will generally fund its operating expenditure out of operating revenue. Rates and levies will usually be set at a level to ensure that Council achieves this objective. Council has a number of potential sources of funds – each of these can be considered for funding a particular activity.

General rates

Principles: beneficiary pays, affordability, efficiency, financial prudence

General rates are set based on capital value and applied to all rateable land under section 13 of the Local Government (Rating) Act 2002.

Council uses general rates to fund activities which have a 'public good' element or where it wishes to subsidise the provision of services because of the wider community benefits they provide, consistent with the beneficiary pays principle.

Council is of the view that properties with a higher capital value are generally better able to bear the costs. It also assumes that those with more capital consume more resources, and so have a greater financial stake in the

management of those resources. This is consistent with the affordability and beneficiary/exacerbator pays principles.

General rates are set on an 'equalised' basis by territorial authority area. This smooths the impact of the timing of the three-yearly revaluation cycles between each territorial authority. Without this 'equalisation', each district's share of our rating base will increase the year they revalue the properties in the district, then decrease in the following two years giving a more volatile rates take.

Uniform Annual General Charge

Principles: beneficiary pays, efficiency, financial prudence

A Uniform Annual General Charge (UAGC) is a fixed amount charged to each Separately Used or Inhabited Part of a property (SUIP) in the region.⁵¹

The UAGC is applied to activities where one or more of the following criteria applies:

- The expenditure is a 'public good' to which every community member has equal access
- The expenditure is related to people rather than property
- The expenditure does not directly change the condition or economic value of a property or resource

Under the Local Government (Rating) Act a limit of 30% of total rates revenue can be collected via uniform annual charges (UAC), which includes the UAGC.

Targeted rates

Principles: beneficiary pays, transparency and accountability

Targeted rates are used to fund a discrete activity and can only be used for the purpose for which they were collected.

⁵¹ A "SUIP" is any part of a property (rating unit) that is separately used or occupied, or is intended to be.

Ngā putanga ā-hapori Our community outcomes



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Our region's ecosystems are healthy



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Our region's economy is thriving and environmentally sustainable

Targeted rates can apply to:

- properties that receive the benefit of a certain activity, or
- properties that are located in specified areas or categories of land.

Targeted rates can be applied:

- equally (a set amount per rating unit or SUIP) to all liable properties (e.g. Uniform Annual General Charge), or
- based on a variable, for example, capital value, land area, etc.
- using a differential, which is a weighting based on different categories of ratable land (for example, per hectare or capital value).

Fees and charges

Principles: beneficiary pays, exacerbator pays

Fees and charges are applied where the users of a service can be identified and charged according to their use of the service.

Our charges are reviewed annually and set according with several pieces of legislation including but not limited to, section 36 of the Resource Management Act 1991, section 243 of the Building Act 2004 and section 150 of the Local Government Act 2002. They can be found on the Horizons website.

Investment revenue

Principles: affordability

Council has a range of investments from which income is derived. This income, mainly dividend and interest payments, is used to offset the Uniform Annual General Charge in order to reduce the rating burden on ratepayers.

Grants and subsidies

Principles: affordability, beneficiary pays, exacerbator pays

Council is able to obtain grants and subsidies from central government, Crown entities, territorial authorities and utility operators to fund some of its activities.

Grants and subsidies are used to fund activities that have both public and private benefit.

Where possible, Council prefers to fund its activities through grants and subsidies to reduce the rating burden on ratepayers and for every activity Council will endeavour to secure grant and subsidy funding in the first instance.

Reserve funds

Principles: efficiency

Reserves arise where funding has been obtained for a particular activity and, at a point in time, not all the revenue has been spent on the activity. Maintaining reserves ensures that revenue is used for its intended purpose and enables revenue to be maintained at a constant level when the service provided is continuing at the same level.

The council maintains reserves relating to targeted rates which have been provided by regional ratepayers for specific activities. While the cash associated with reserves may be used as funding for other activities within the organisation, it will continue to be identified as an asset and credited to the area for which the revenue was raised.

Rentals

Principles: Transparency, affordability

The council receives rents from properties it owns. These properties largely relate to land attached to council flood protection schemes. Rental revenue is used to offset the operating costs of the flood protection schemes.

SOURCES OF FUNDING FOR CAPITAL EXPENDITURE

Council considers that the following sources of funding are appropriate for its capital expenses. These funding sources may be applied either directly to capital projects when expenditure is incurred, or towards financing interest and principal repayments on borrowings that were raised to fund the expenditure.



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Intergenerational equity principles, which are dealt with under the council's guiding principle of paying for benefits received when they are received, suggest that the purchase or construction of long-lived assets should be funded by way of borrowings. In that way, repayments are spread over time, instead of paying the entire cost of the assets in the year they are built. For long-lived assets, the funding sources below can be used to finance principal repayments on borrowings, rather than for directly funding capital projects.

Where the council assesses a targeted rate for the repayment of capital and associated interest costs for the construction of new assets, it will not seek to fund depreciation for the period of the capital loan. This ensures that ratepayers are not charged twice – for the initial construction and for the future replacement of the asset.

General rates

Principles: beneficiary pays, affordability, efficiency, financial prudence

General rates are seen as an appropriate capital funding mechanism for projects where there is a public good element. This approach is consistent with the guiding principle of paying for benefits received. Where an existing asset provides a public good or positive externalities, it is appropriate to fund replacement of that asset from general rates, especially where the general rate includes an explicit charge to recover depreciation.

General rates are also appropriate for funding capital projects where imposing the cost on the person or groups who will benefit from the project would place too great a burden on them. This is consistent with the guiding principle of affordability.

Targeted rates

Principles: beneficiary pays, transparency and accountability

Targeted rates are seen as an appropriate capital funding mechanism for projects where the project mainly benefits a specific group of ratepayers or where the action or inaction of that group contributes to the need for the project.

Grants and subsidies

Principles: affordability, beneficiary pays, exacerbator pays

Appropriate (in general) only for funding the costs of providing a particular asset that the grant or subsidy was intended for.

Proceeds from asset sales

Principles: affordability

It is generally appropriate to use the proceeds of selling an asset to fund the cost of providing another asset.

Borrowing

Principles: affordability, intergenerational equity

Borrowing is recognised as an effective method of achieving equity between different generations of ratepayers and is commonly used to fund capital expenditure, particularly assets with long lifespans.

All borrowing is subject to Council's Liability Management Policy.

TE TURE WHENUA MĀORI ACT 1993

Council supports the principles set out in the preamble to Te Ture Whenua Māori Act 1993 which, in relation to Māori-owned land, acknowledge:

- the importance of the Treaty of Waitangi,
- the protection of rangatiratanga (self-determination),
- that the land is a taonga (treasure),
- that the land and its places of significance should be retained and protected by tangata whenua,
- that the occupation, development, and utilisation of that land should be facilitated, and
- that mechanisms should be established to assist Māori to implement these principles.

Ngā putanga ā-hapori Our community outcomes



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Horizons has a policy on Rates Remissions for Māori Freehold Land which generally promotes these principles. We also ensure our approach is consistent with the territorial authorities in the region.

FUNDING SOURCES FOR EACH ACTIVITY

A full funding needs analysis was undertaken in accordance with 101(3) to determine the most appropriate way of funding each activity. A summary of the funding arrangement and rationale for each activity is included below.

The community outcomes that each activity contributes to are as follows:

PARTNERSHIPS, GOVERNANCE AND LEADERSHIP GROUP:

Activity: Governance

The community wellbeing(s) this activity primarily contributes to:



Funding arrangements

- 100% UAGC

Rationale

- The Governance activity is needed to fulfill legislative requirements.
- The whole region benefits from robust and democratic governance that enables local decision making and action by, and on behalf of, communities, and promotes the social, economic, environmental and cultural wellbeing of communities now and in the future.

Activity: Iwi and Hapū Relationships

The community wellbeing(s) this activity primarily contributes to:



Funding arrangements

- 100% UAGC

Rationale

- Legislative requirements mandate engagement with the community, with particular requirements for iwi and hapū.
- Benefits from this activity are intergenerational and accrue to the whole region. Communities benefit from the quality of decision making that is enabled when mana whenua participate in decisions.

Activity: Community Wellbeing and Relationships

The community wellbeing(s) this activity primarily contributes to:



COMMUNITY RELATIONSHIPS

Funding arrangements

- 100% UAGC

Rationale

- Legislative requirements mandate engagement with the community.

ENVIRONMENTAL EDUCATION

Funding arrangements

- 100% UAC (Environmental Initiatives)

Rationale

- This service is provided to assist us in achieving our community outcomes.
- The benefits of this activity are ongoing and region-wide Council's engagement and education efforts are provided across the region.



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STRATEGY, SCIENCE AND REGULATION GROUP

Activity: Policy, Strategy and Climate Resilience

The community wellbeing(s) this activity primarily contributes to:



Funding arrangements

- 100% General Rate

Rationale

- Legislative requirements mandate resource management and strategic planning.
- This activity provides benefit to the region as a whole through the delivery of integrated plans, policies and strategies that guide the management of our natural and physical resources. These benefits are intergenerational.

Activity: Science and Environmental Reporting

The community wellbeing(s) it primarily contributes to:



ENVIRONMENTAL REPORTING

Funding arrangements

- 100% General Rate

Rationale

- Gaining a better understanding of natural processes is integral to strategy and policy development and monitoring, consent processes, restoration work and co-management programmes.
- This service provides ongoing benefit to the whole region.

WATER QUALITY – GENERAL

Funding arrangements

- 100% General Rate

Rationale

- Water quality and quantity is impacted by human activities, including discharges and takes. Rural activities contribute to poor water quality. Extreme weather events and climate change also contribute.
- This service provides ongoing benefit to the whole region.

WATER QUALITY AND QUANTITY – RESEARCH

Funding arrangements

- 70% General Rate
- 30% Fees and Charges

Rationale

- Water quality and quantity is impacted by human activities, including discharges and takes. Rural activities contribute to poor water quality. Extreme weather events and climate change also contribute.
- The benefits of this service are ongoing, and both region-wide and targeted to farms and other industries who are dependent on this information.

WATER QUALITY – ADDITIONAL RESEARCH

Funding arrangements

- 50% Fees and Charges
- 50% General Rate

Rationale

- Consent holders for major point-source discharges create the need for this service. As direct beneficiaries, these consent holders pay a targeted rate for this service.

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- At most major point-source discharges to water we monitor directly above the point source and directly below. This forms part of our State of Environment monitoring network. Without the discharge we wouldn't need to monitor below the discharge. The data gained from State of Environment monitoring benefits the region as a whole, therefore a portion of the cost associated with this activity is recovered through the general rate.

WATER QUALITY - CONSENT HOLDERS' RESEARCH RESPONSIBILITIES

Funding arrangements

- 100% Fees and Charges

Rationale

- Resource users create the need for this service. They receive individual benefit from the monitoring research that is carried out.
- This research is essential for our many regional organisations, farms and other industries, who are dependent on this information.
- The research charges contribute towards the costs incurred by Horizons in researching and identifying the ongoing and cumulative impact on our environment of all such activities across our region. Information gained from this research can also be used by applicants during the resource consent application process.

BIODIVERSITY AND BIOSECURITY (RESEARCH)

Funding arrangements

- 100% General Rate

Rationale

- The need for this service comes from habitat loss and introduced pest species as a result of the actions of current and previous generations.

- Benefits from improved biodiversity and ecosystem health occur in the ecological districts where those improvements are made. However, this has broader benefits to the region and the nation. These benefits are intergenerational.
- A component of biosecurity protection also protects the rural economy and rural landowners.

LAND RESEARCH

Funding arrangements

- 100% General Rate

Rationale

- The need for this service comes from environmental degradation as a result of a range of factors, including rural land use and urban discharges from current and previous generations.
- This service has ongoing and region-wide benefits, as our land management activity responds to land-based issues which impact on the health of our soil and water resources.

GRAVEL QUANTITY

Funding arrangements

- 60% Fees and charges
- 40% General rate

Rationale

- Holders of land use consents to remove gravel contribute to the need for the gravel quantity service.
- This service has ongoing and region-wide benefits. Our region's primary sector is built on our land and water resources. Ensuring their sustainable management is important for the prosperity of these businesses and the region's economy.



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Activity: Regulatory Management

The community wellbeing(s) it primarily contributes to:



REGULATORY MANAGEMENT

Funding arrangements

- As actual and reasonable: Fees and Charges.
- Remainder: General Rate

Rationale

Current users of resources create the need for regulatory services.

There is some public good in issuing and monitoring of consents, permitted activities, and pollution incidents, however the primary beneficiaries are the applicants and resource users.

Benefits accrue immediately. There are also benefits throughout the life of a consent.

RESOURCE MANAGEMENT ACT ADVICE

Funding arrangements

- 100% General Rate

Rationale

- The public's need for general advice around permitted activities and consents creates the need for this service.
- The service has ongoing and region-wide benefit.

CATCHMENT OPERATIONS GROUP

Activity: Biodiversity and Biosecurity

The community wellbeing(s) this activity primarily contributes to:



BIODIVERSITY AND BIOSECURITY – IMPLEMENTATION

Funding arrangements

- Grants and subsidies in the first instance.

Remainder:

- 55% General Rate
- 30% UAC (Environmental Initiatives)
- 15% targeted per ha rate on properties >4 ha
- Capital expenditure may be funded through borrowing.

Rationale

- The need for this service comes from habitat loss and introduced pest species as a result of the actions of current and previous generations.
- There are both regional and local benefits to this activity. Benefits from improved biodiversity and ecosystem health occur in the ecological districts where those improvements are made, both in the present and the future. However, this has broader benefits to the region and the nation. A component of biosecurity protection also protects the rural economy and rural landowners.

Note: The implementation of the Regional Pest Management Plan is funded via the *Biodiversity and Biosecurity – Implementation* activity in accordance with consideration given under section 100T of the Biosecurity Act 1993. The Regional Pest Management Plan (RPMP) and the Biodiversity and Biosecurity – Implementation activity generally have the same purpose regarding the protection of our region's unique biodiversity and ecological systems. The funding structure of the Biodiversity and Biosecurity – Implementation

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activity generally reflects the RPMP's intended benefits (both direct and indirect), and interests, of the occupiers of affected properties across the region.

REGIONAL PARK CAMP GROUND (COMPONENT OF TŌTARA RESERVE REGIONAL PARK MANAGEMENT)

Funding arrangements

- Grants and subsidies in the first instance.

Remainder:

- >30% fees and charges

Remainder:

- 90% Targeted UAC (Palmerston North City Council area and Manawātū District)
- 10% General rate.

Capital expenditure may be funded through borrowing.

Rationale

- This service is provided to assist us in achieving our community outcomes.
- The regional park campground largely benefits residents in the surrounding district and city. The initial source of funds are camping fees, with the bulk of the remainder targeted to Palmerston North City and Manawātū District.

RANGITĪKEI ENVIRONMENT GROUP OLD MANS' BEARD CONTROL

Funding arrangements

- 50% UAC (properties >4 ha in the Rangitikei District)
- 50% UAC (properties <4 ha in the Rangitikei District)

Rationale

- Need for this service comes from introduced pest species as a result of the actions of previous generations.
- For the purposes of funding this activity, the properties in the Rangitikei District have been divided into those that are less than four hectares (<4ha), and those that are more than four hectares (>4ha). Council assumes that the >4ha properties generally receive greater benefit from the Old Mans' Beard control improvements than <4ha properties. The >4ha properties pay more per property to reflect the greater benefit.

WAITĀRERE COMMUNITY BIODIVERSITY PROJECT

Funding arrangements

- Grants and Subsidies in the first instance

Remainder

- 100% targeted (Waitārere Community) based on capital value.

Capital expenditure may be funded through borrowing.

Rationale

- The need for this service comes from habitat loss and introduced pest species as a result of the actions of current and previous generations.
- This service benefits those in the Waitārere Beach community. The recovery of costs for the service are targeted to that community.

Activity: Freshwater and Partnerships

The community wellbeing(s) this activity primarily contributes to:



FRESHWATER AND PARTNERSHIPS REGIONAL IMPLEMENTATION

Funding arrangements



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- Grants and subsidies in the first instance.

Remainder

- 100% General Rate

Capital expenditure may be funded through borrowing.

Rationale

- Water quality outcomes are the result of local catchment characteristics and what happens in the catchment. Land use, discharges and water takes contribute to water quality outcomes. Extreme weather events and climate change also contribute.
- The benefits of this service are region-wide and intergenerational.

MANAWATŪ CATCHMENT WATER QUALITY IMPROVEMENT

Funding arrangements

- Grants and subsidies in the first instance.

Remainder:

- 100% UAC (properties in the Manawatū Catchment).

Capital expenditure may be funded through borrowing.

Rationale

- Water quality outcomes are the result of local catchment characteristics and what happens in the catchment. Land use, discharges and water takes contribute to water quality and ecological health outcomes. Extreme weather events and climate change also contribute.
- This service benefits those in the Manawatū Catchment area. The recovery of costs for the service are targeted to properties in the Manawatū Catchment.

HOROWHENUA DISTRICT WATER QUALITY IMPROVEMENT

Funding arrangements

- Grants and subsidies (in the first instance).

Ngā putanga ā-hapori **Our community outcomes**



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Remainder:

- 100% targeted (properties in the Horowhenua District) based on capital value.

Capital expenditure may be funded through borrowing.

Rationale

- Water quality outcomes are the result of local catchment characteristics and what happens in the area. Land use, discharges and water takes contribute to water quality and ecological health outcomes. Extreme weather events and climate change also contribute.
- This service benefits residents within the Horowhenua District. The recovery of costs for the service are targeted to properties in the Horowhenua District.

Activity: River Management and Flood Protection

The community wellbeing(s) it primarily contributes to:



RIVER AND DRAINAGE – GENERAL

Funding arrangements

- Grants and subsidies in the first instance

Remainder:

- 100% General Rate

Capital expenditure may be funded through borrowing.

Rationale

- The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.

- Benefits accrue to the whole region – this service protects the lives and property of people within the region.

RIVER AND DRAINAGE – RIVER SCHEMES (EXCLUDING POHANGINA-OROUA AND POREWA)

Funding arrangements

- Grants and subsidies in the first instance.

Remainder:

- 80% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges)
- 20% General Rate.

Capital expenditure may be funded through borrowing.

Rationale

- The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.
- Benefits primarily accrue to the populations and properties that each river scheme protects, over the lifetime of those scheme assets. A mechanism for distributing costs in relation to benefits for this targeted rating has been determined through the use of differentials.
- There is also some broader benefit to the whole region from the schemes contributing to a functional regional economy, and some broader national benefit for the same reason.

RIVER AND DRAINAGE – DRAINAGE SCHEMES

Funding arrangements

- Grants and subsidies in the first instance.

Remainder:

- 90% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges)



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- 10% General Rate.

Capital expenditure may be funded through borrowing.

Rationale

- The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.
- Benefits primarily accrue to the populations and properties that each drainage scheme protects, over the lifetime of those scheme assets. A mechanism for distributing costs in relation to benefits for this targeted rating has been determined through the use of differentials.
- There is also some broader benefit to the whole region from the schemes contributing to a functional regional economy, and some broader national benefit for the same reason.

RIVER AND DRAINAGE - POREWA SCHEME

Funding arrangements

- Grants and subsidies in the first instance.

Remainder:

- 60% General Rate
- 40% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges)

Capital expenditure may be funded through borrowing.

Rationale

The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.

This scheme provides regional and national benefit through the reduction of flooding risk to State Highway 1 and the Southern North Island Main Trunk Railway. Flood protection enables distribution of goods on these significant corridors as well as productive use of the land.

The properties in the Porewa valley also directly benefit because the land is protected by flood and erosion control works.

RIVER AND DRAINAGE: POHANGINA-OROUA SCHEME

Funding arrangements

- Grants and subsidies in the first instance (including 60% landowner contribution to erosion control works).

Remainder:

- 20% General Rate
- 80% Targeted scheme rates (mixed model, including CV, LV, UAC and per ha charges).

Capital expenditure may be funded through borrowing.

Rationale

- The need for this service comes from human activity on flood-prone land. It is exacerbated by further development on flood-prone land.
- Benefits primarily accrue to the populations and properties that the river and drainage scheme protects, over the lifetime of those scheme assets. A mechanism for distributing costs in relation to benefits for this targeted rating has been determined through the use of differentials.
- There is also some broader benefit to the whole region from the schemes contributing to a functional regional economy, and some broader national benefit for the same reason.

Activity: Land Management

The community wellbeing(s) this activity primarily contributes to:



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REGIONAL AND COAST

Funding arrangements

- Grants and subsidies in the first instance.

Remainder:

- 100% General Rate.

Capital expenditure may be funded through borrowing.

Rationale

- The need for this activity comes from environmental degradation as a result of a range of factors, including catchment characteristics, climate change impacts and rural land use.
- The deforestation of erodible hill country was in-part encouraged by central government policy historically.
- Benefits accrue to the whole region, as our land management activity responds to land-based issues which impact on the health of our soil and water resources and increased regional resilience to storm events.

SUSTAINABLE LAND USE INITIATIVE (SLUI)

Funding arrangements

- Grants and subsidies in the first instance.
- 100% UAC (SLUI)

Capital expenditure may be funded through borrowing

Rationale

- The need for this service comes from environmental degradation as a result of a range of factors, including catchment characteristics, climate change impacts and rural land use.
- The deforestation of erodible hill country was in-part encouraged by central government policy historically.

- Benefits accrue to the whole region, as our land management activity responds to land-based issues which impact on the health of our soil and water resources and increased regional resilience to storm events.

TRANSPORT AND REGIONAL SERVICES GROUP

Activity: Transport Planning

The community wellbeing(s) this activity primarily contributes to:



Council's transport activities are subsidised by Waka Kotahi. Any portion of the cost of these activities that is not funded by grants and subsidies are met by other sources of funding, as described below.

The percentage of grants and subsidies are current as of [date]. This may change through the life of this policy, depending on Waka Kotahi's policies. In this case, Horizons may need to adjust the other funding sources accordingly.

TRANSPORT PLANNING

Funding arrangements

- 49% General Rate
- 51% Grants and subsidies

Rationale

- Effective transport networks are needed to move people and goods within and between our communities.
- Our region's transport networks also make a significant contribution to the region's greenhouse gas emissions and must transition to a low carbon system.
- The benefits of this activity accrue to the whole region.



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Activity: Passenger Services

The community wellbeing(s) it primarily contributes to:



PUBLIC TRANSPORT

Funding arrangements

- 45-50% Grants and subsidies,
- 30-35% Targeted rates (EQCV),
- 15-20% Fees and charges,
- 1-2% Other revenue

Rationale

- Individuals without vehicles require affordable alternative transport options.
- Public transport primarily benefits the user. However, there are also social wellbeing benefits to providing transport services to those without other transport options. Public transport can also provide wider community benefits from reduced congestion and reduced transport emissions.
- The cost of this service that is not covered by external grants and subsidies are targeted to individual districts. The costs of providing the service within each district are applied to that district.

TOTAL MOBILITY

Funding arrangements

- 70-75% Grants and subsidies
- 25-30% targeted rates (EQCV).

Rationale

- Individuals without vehicles require affordable alternative transport options.

- The cost of this service that is not covered by external grants and subsidies are targeted to individual districts. The costs of providing the service within each district are applied to that district.

Activity: Road Safety

The community wellbeing(s) it primarily contributes to:



ROAD SAFETY

Funding arrangements

- 20-25% General rate
- 60% grants and subsidies
- 15-20% external funding

Rationale

- Dangerous roads, driving conditions and drivers create the need for road safety.
- The region as a whole benefits from safe, effective and sustainable transport networks.

Activity: District Advice

The community wellbeing(s) it primarily contributes to:



Funding arrangements

- 100% General Rate

Ngā putanga ā-hapori Our community outcomes



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Rationale

- The provision of sound information to the community about population growth, natural hazards and climate change is the driver for this activity.
- The community as a whole benefit from this activity. By better understanding natural hazard risks, communities can prepare for or avoid them.

Activity: Emergency Management

The community wellbeing(s) it primarily contributes to:



REGIONAL EMERGENCY MANAGEMENT – MANAWATŪ-WHANGANUI CIVIL DEFENCE EMERGENCY MANAGEMENT (CDEM) GROUP

Funding arrangements

- 100% General Rate

Rationale

- Horizons is the administering Authority for the Manawātū-Whanganui CDEM Group in accordance with legislative requirements.
- The benefits of this service accrue to the whole region.

HORIZONS EMERGENCY MANAGEMENT (EXCLUDING MARINE OIL SPILL RESPONSE)

Funding arrangements

- 100% General Rate

Rationale

- The benefits of this service accrue to the whole region.

MARINE OIL SPILL RESPONSE

Funding arrangements

- Funded by Maritime New Zealand - no impact on rates.

Rationale

- This activity is undertaken in response to an oil spill event.
- The benefit accrues to the marine environment affected by the event.

Activity: Environmental Data

The community wellbeing(s) it primarily contributes to:



Funding arrangements

- Internally recovered through other activities:
 - Science and Environmental Reporting (~60%)
 - Emergency Management (~30%)
 - River Management and Flood Protection (~9%)
 - Freshwater and Partnerships (~1%)

The funding sources for each of these activities is reflected in other parts of the policy.

Rationale

- Legislative requirements mandate the acquisition and reporting of environmental data. Environmental data supports the Emergency Management functions of Council.



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- The benefits of this activity accrue to the whole region. Real-time environmental data supports flood warning services and catchment forecasting.

Activity: Information Management

The community wellbeing(s) it primarily contributes to:



Funding arrangements

- 100% General Rate

Rationale

- This activity is fundamental to the success of all other activities undertaken by Council. Providing a centralised, robust, accessible & secure information service is critical to other departments across Council and to the public.
- Benefits from this group of activities accrue to the whole region.

CONSIDERATION OF THE IMPACT OF THIS POLICY ON COMMUNITY WELLBEING

In developing this policy, Council has considered the overall impact of its funding arrangements for each activity on the current and future social, environmental, economic, and cultural wellbeing of the region.

For each activity, Council has given careful consideration to each of the following, according to section 103(3) of the Act:

- which of Council's six community outcomes the activity primarily contributes,
- the distribution of benefits,
- the period of benefit,
- who or what creates the need,
- whether the activity should be funded separately from other activities or whether it could be "bundled" with others and why.

- In addition, Council believes that:
- its application of uniform charges (UAGC and UAC) are appropriate.
- it has used targeted rates appropriately, ensuring that where the exacerbator and/or beneficiary can be identified, they bear the cost of the service.
- that overall, the funding arrangements are in alignment with this policy's guiding principles.

Council believes that the revenue needs in this plan can be supported by the regional economy without undue effects on community-well being, and that overall, the funding arrangements in this policy will positively impact the current and future wellbeing of the region.

Ngā putanga ā-hapori Our community outcomes



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POLICY REVIEW SUMMARY:

TE KAUPAPAHERE MŌ NGĀ MONI WHIWHI ME TE AHUMONI | DRAFT REVENUE AND FINANCING POLICY

The Revenue and Financing Policy sets out the various funding sources that Council uses to support operational and capital expenditure, for example, different types of rates, user pays, debt, etc. It also shows how each activity of Council is funded.

LANGUAGE AND FORMATTING UPDATES

As part of the review process, Council some changes to the language, flow and layout of the policy to improve readability. It also strengthened the links to the relevant legislation to better demonstrate how it complies with the requirements of the Local Government Act 2002.

None of these updates change Council's policy position.

NEW SECTION: TE TURE WHENUA ACT 1993

The Local Government Act 2002 (s102(3A)) requires this policy (and others) to support the Preamble of Te Ture Whenua Act 1993.

UPDATES TO EXPENDITURE AND REVENUE POLICIES

Council is proposing some changes to how it uses investment revenue and the way it funds some of its activities. These proposed changes are listed in the table below. Additional text is underlined.

FEEDBACK ON THE DRAFT POLICY

- This policy is a review draft. It is part of the consultation process for the Long-term Plan 2024-34. Public feedback is invited on any of the proposed updates to the policy.
- Any feedback received will be considered by Council prior to adoption in June 2024.

- If you would like to give feedback on any of the proposed changes, please use the Long-term Plan 2024-34 Consultation Document submission form.

For comparison purposes, the 2021 policy can be found on pages 193-205 of the Long-term Plan 2021-31.



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	From (2021):	To (2024):	Rationale
EXPENDITURE			
Use of investment revenue	Council has a range of investments from which income is derived. This income, mainly dividend and interest payments, is used to supplement rate funding in order to reduce the rating burden on ratepayers.	Council has a range of investments from which income is derived. This income, mainly dividend and interest payments, is used to supplement rate funding offset the Uniform Annual General Charge in order to reduce the rating burden on ratepayers.	Under the 2021 policy, investment revenue is used to offset the General Rate. The General Rate is set based on capital value. This means that currently, ratepayers whose property has a higher capital value receive greater benefit from the investment revenue. The UAGC is a fixed amount applied equally to all ratepayers across the region that pays for a range of council services that provide region-wide benefit. The proposed change to use investment revenue to offset the UAGC means that there would be a reduction in the UAGC charge of \$39.09 for every rating unit in the region. All ratepayers would benefit equally, regardless of the value of their property. It would, however mean that properties of approximately \$850,000+ would pay more than the current arrangement. The change from using investment revenue offsetting the General Rate to offsetting the UAGC would mean an increase to the amount of general rates per property of \$4.64 per \$100,000 of CV.
REVENUE			
Water Quality and Quantity – Research		Incorporate Environmental Research and Monitoring - Drinking Water	Simplification of budgets. Initial work to identify Source Protection Zones now complete and future work will be aligned with other Water Quality and Quantity budget research.

Ngā putanga ā-hapori Our community outcomes



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	From (2021):	To (2024):	Rationale
Regulatory Management	Part of Water Quality and Quantity –Research activity	Incorporate Telemetered Water Metering Programme.	Changes to the Resource Management (Measurement and Reporting of Water Takes) Regulations 2010 have resulted in this becoming the legislative responsibility of the consent holder rather than information for Water Quantity Research.
Biodiversity and Biosecurity (Research)	55% General Rate 30% UAC (Environmental Initiatives) 15% targeted per ha rate on properties >4 ha	100% General Rate	Previously Biodiversity and Biosecurity Research focused primarily on supporting the Biodiversity and Biosecurity Implementation programmes and was funded the same way. The work programme now incorporates additional biodiversity and biosecurity with a focus on supporting future policy development whilst maintaining a base level of support to implementation programmes.
Biodiversity and Biosecurity Implementation (includes implementation of the Regional Pest Management Plan).	55% General Rate 30% UAC (Environmental Initiatives) 15% targeted per ha rate on properties >4 ha	<u>Grants and Subsidies in the first instance</u> <u>Remainder:</u> 55% General Rate 30% UAC (Environmental Initiatives) 15% targeted per ha rate on properties >4 ha <u>Capital expenditure may be funded through borrowing</u>	Not new in practice. Included for clarity. Transparency



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	From (2021):	To (2024):	Rationale
Regional Park Campground (Component of Tōtara Reserve Regional Park management)	>30% Fees and Charges. Remainder: 90% Targeted UAC (Palmerston North City and Manawatū District), 10% General Rate	<u>Grants and Subsidies in the first instance</u> >30% Fees and Charges Remainder: 90% Targeted UAC (Palmerston North City and Manawatū District), 10% General Rate <u>Capital expenditure may be funded through borrowing</u>	Not new in practice. Included for clarity. Transparency
Rangitikei Environment Group Old Mans' Beard control	50% UAC on properties >4 ha 50% UAC on properties <4 ha	50% UAC on properties >4 ha <u>in the Rangitikei District</u> 50% UAC on properties <4 ha. <u>in the Rangitikei District</u>	Added for clarity
Waitāre Community Biodiversity Project	100% targeted rate per SUIP (UAC) Capital expenditure may be funded through borrowing	<u>Grants and Subsidies in the first instance</u> <u>Remainder:</u> 100% targeted (Waitāre Community) based on capital value. Capital expenditure may be funded through borrowing.	Not new in practice. Included for clarity. The Waitare Community benefits from this activity.
Freshwater and Partnerships Regional Implementation (Included in Water Quality and Quantity in 2021 policy)	100% General Rate	<u>Grants and Subsidies in the first instance</u> <u>Remainder:</u> 100% General Rate <u>Capital expenditure may be funded through borrowing</u>	Not new in practice. Included for clarity. Transparency

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	From (2021):	To (2024):	Rationale
Manawatū River Water Quality Improvement	100% UAC	<u>Grants and Subsidies in the first instance</u> <u>Remainder:</u> 100% UAC (properties in the Manawatū Catchment) <u>Capital expenditure may be funded through borrowing</u>	Not new in practice. Included for clarity. Added for clarity Transparency
Horowhenua Water Quality Improvement (previously Lake Horowhenua Restoration)	80% UAC 20% General Rate Capital expenditure may be funded through borrowing	<u>Grants and Subsidies in the first instance</u> <u>100% UAC (properties in the Horowhenua District) based on capital value.</u> Capital expenditure may be funded through borrowing	Not new in practice. Included for clarity. The residents of the Horowhenua District benefit from this activity.
River and Drainage – General	100% General Rate	<u>Grants and Subsidies in the first instance</u> <u>Remainder:</u> 100% General Rate <u>Capital expenditure may be funded through borrowing</u>	Not new in practice. Included for clarity. Transparency
River and Drainage - Schemes (Excluding Pohangina-Oroua and Porewa)	80% Targeted scheme Rate (mixed model, including CV, LV, UAC and per ha charges) 20% General Rate Capital expenditure may be funded through borrowing	<u>Grants and Subsidies in the first instance</u> 80% Targeted scheme Rate (mixed model, including CV, LV, UAC and per ha charges) 20% General Rate Capital expenditure may be funded through borrowing	Not new in practice. Included for clarity.



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	From (2021):	To (2024):	Rationale
River and Drainage – Drainage Schemes	80% Targeted scheme Rate (mixed model, including CV, LV, UAC and per ha charges) 20% General Rate Capital expenditure may be funded through borrowing	<u>Grants and Subsidies in the first instance</u> <u>Remainder:</u> 90% Targeted scheme Rate (mixed model, including CV, LV, UAC and per ha charges) 10% General Rate Capital expenditure may be funded through borrowing	Not new in practice. Included for clarity. Better reflects the benefit the properties within a drainage scheme receive.
River and Drainage – Porewa Scheme	60% General Rate 40% Targeted scheme Rate (mixed model, including CV, LV, UAC and per ha charges) Capital expenditure may be funded through borrowing	<u>Grants and Subsidies in the first instance</u> <u>Remainder:</u> 60% General Rate 40% Targeted scheme Rates (mixed model, including CV, LV, UAC and per ha charges) Capital expenditure may be funded through borrowing	Not new in practice. Included for clarity.
Regional and Coast	100% General Rate	<u>Grants and Subsidies in the first instance.</u> <u>Remainder:</u> 100% General Rate <u>Capital expenditure may be funded through borrowing</u>	Not new in practice. Included for clarity. Transparency

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	From (2021):	To (2024):	Rationale
Sustainable Land Use Initiative (SLUI)	As granted Grants and Subsidies Remainder: UAC (SLUI)	Grants and Subsidies in the first instance Remainder: UAC (SLUI) <u>Capital expenditure may be funded through borrowing</u>	Transparency
Transport Planning	50-60% General Rate 40-50% Grants and Subsidies	49% General Rate 51% Grants and Subsidies	Updated NZ Transport Agency Waka Kotahi subsidy rates.
Public Transport	50-55% Grants and Subsidies 25-30% Targeted Rate (EQCV) 15-20% Fees and Charges 1-5% other revenue	45-50% Grants and Subsidies 30-35% Targeted Rate (EQCV) 15-20% Fees and Charges 1-2% other revenue	Updated NZ Transport Agency Waka Kotahi subsidy rates.
Total Mobility	60% Grants and Subsidies 40% Targeted Rate (EQCV)	70-75% Grants and Subsidies 25-30% Targeted Rate (EQCV)	Updated NZ Transport Agency Waka Kotahi subsidy rates.
Road Safety	25-35% General Rate 65-75% Grants and Subsidies	20-25% General Rate 60% Grants and Subsidies <u>15-20% external funding</u>	Updated NZ Transport Agency Waka Kotahi subsidy rates. External funding from other external agencies in support of the road safety programme.



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NEW funding policies:		
Environmental Data	This activity is internally recovered through other activities: Science and Environmental Reporting (~60%), Emergency Management (~30%), River Management and Flood Protection (~9%), Freshwater and Partnerships (~1%). The funding sources for each of these activities is reflected in other parts of the policy.	The data collected by this activity is utilised by the activities across the organisation. Each activity funds a proportion of the cost of this data based on benefit. The activity has been included in the updated policy for transparency.
River and Drainage – Pohangina-Oroua Scheme	Grants and Subsidies in the first instance (including 60% landowner contribution to erosion control works) Remainder: 20% General Rate 80% Targeted scheme Rate (mixed model, including CV, LV, UAC and per ha charges) Capital expenditure may be funded through borrowing	This formalises the existing policy of relevant landowners making a 60% contribution to erosion control works. This is the only scheme that has this type of arrangement.

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