

## Revenue and Financing Policy

### PART 1 - Introduction

**The Introduction, Summary of Changes and General Rating Information section does not form part of the Revenue and Financing policy. It is provided to assist readers to understand the context of the policy and the funding tools available to Council.**

#### 1.1 Introduction

The Revenue and Financing Policy sets out how Gisborne District Council (Council) funds each of its activities and explains the reasons for each. The policy provides ratepayers and customers with predictability and certainty about the sources of funding for our activities and in conjunction with the Long Term Plan (LTP) provides certainty on the level of those funds. In determining how activities are funded the Council is obliged to equitably share the cost of delivering services across different users as well as ensuring equity between current and future generations. In deciding how to fund each activity, Council considers the nature of the services provided and who benefits from those services.

Council takes into account:

- the community outcomes to which an activity contributes
- the distribution of benefits between the community as a whole, identifiable parts of the community and individuals (beneficiary pays principle)
- the period during which the benefits are expected to occur (intergenerational equity principle)
- the extent to which actions, or inactions, of individuals or groups contribute to the need to undertake the activity (exacerbator pays principle)
- the costs and benefits of funding the activity distinctly from other activities.

Council then considers the overall impact of any allocation of liability for revenue needs on the District, local communities and communities of interest.

Council has undertaken a thorough review of the Revenue and Financing Policy. The majority of the income Council collects is through rates (60% in 2015/16).

The balance is from grants, subsidies, dividends and user fees. The Revenue and Financing Policy has undergone a significant review process which involved many Council workshops. The Revenue and Financing policy determines from where and whom Council is seeking to fund its operations. This policy sets out why and how the funding sources are used.

In order to ensure funding is consistent, Council applied the following general principles when considering each activity's funding stream for the review:

1. Reduced complexity and ratepayer impact
2. Reduced administration and costs of implementation
3. Increased predictability in reporting
4. Enhanced consistency of application
5. Phased implementation of major changes if necessary to lessen impacts
6. Achieved fairness and equity
7. Increase in use of fees and charges
8. Use of beneficiaries and user pays through targeted rates where appropriate
9. Consideration of a public good component for the cost of infrastructure that qualifies as being for the good of the district
10. Do not use Uniform Annual General and other fixed charges to legislative maximum of 30%, allowing UAGC to be used as a lever to smooth rates when appropriate
11. Use of targeted rates on inner/outer zone as appropriate
12. Use of General Rates (on Capital Value) where appropriate.

Despite these principles, there is an element of cross subsidisation in the way the rates are distributed across the district. This is appropriate as many goods and services are what are known as "public good". Council has tried to manage the demand for goods and services in the pricing signals that rate setting and fees and charges send.

## 1.2 Summary of Major Changes

Some of the changes to the way Council collects rates include:

Activity	2012-2022 Rating Method	Rating Method
<b>Consolidation Rate</b>		
Stock Control	Differentiated targeted rate based on Land Value of which:  60% Outer Zone DRA5 & Townships 30% from Outer Zone DRA3 & 4 and Townships 10% from Inner Zone	70% - Outer Zone (excluding rural towns), Land Area: 30% - Inner Zone and rural towns - Capital Value
Legacy Loans (District Loans)	100% targeted rate DRA1 8%, DRA1A 4% DRA2 82%, DRA3 2% DRA4 2.68%, DRA5 1.32%	70% - Outer Zone (excluding rural towns), Land Area: 30% - Inner Zone and rural towns: Capital Value
<b>Consolidation Rate</b>		
<ul style="list-style-type: none"> <li>Water Conservation - education and advocacy</li> <li>Water Conservation - Implementation of rules and sustainable management</li> </ul>	Land Value: Inner 70%, Outer 30%	Consolidated to one rate Water Conservation Land Value: Inner 70%, Outer 30%
<b>Consolidation Rate</b>		
Building Services	Capital Value:  Inner 85%, Outer 15%	Capital Value: Inner 85%, Outer 15%
Non Subsidised Local Roads	100% targeted rate on capital 80% DRA1/DRA1A 10% DRA2-5 10% from DRA3-5 rural townships	Capital Value: Inner 85%, Outer 15%
<b>Consolidation Rate</b>		
Aquatic and Recreation Facilities	Capital Value – Differential: Inner 1.0, Outer 0.3	Capital Value - Differential Inner 1.0, Outer 0.3
Theatres	Fees and Charges 25% 75% rates funded as: UAGC 50% General Rate inner zone 50%	Capital Value - Differential Inner 1.0, Outer 0.3
<b>Consolidated Rate</b>		
Subsidised Local Roads - UAGC Portion combined with targeted rates	58% NZTA 42% Rates Funding - 10% UAGC - 32% Capital Value Targeted on Use, Residential and Lifestyle 1.0 Horticultural and Pastoral 1.5 Industrial and Commercial 2.0 Forestry 4.0	58% NZTA 42% Rates Funding - 10% UAGC - 32% Capital Value Targeted on Use, Residential, Lifestyle and Other 1.0 Horticultural and Pastoral 1.5 Industrial and Commercial 2.0 Forestry 5.0
Flood Damage and Emergency Reinstatement	75% NZTA 25% targeted rate on Capital Value as follows: DRA1, DRA1A 20% DRA2 5% DRA 3-5 75%	58% NZTA 42% Rates Funding - 10% UAGC - 32% Capital Value Targeted on Use, Residential, Lifestyle and Other 1.0 Horticultural and Pastoral 1.5 Industrial and Commercial 2.0 Forestry 5.0
<b>Consolidated Rate</b>		
Economic Development (including Tourism or City Centre Management and Promotion (previously Heart of Gisborne)	40% undifferentiated general rates 10% UAGC 50% targeted rate based on Capital Value to accommodation, retail, industrial and commercial sectors over the district	40% undifferentiated general rates 10% UAGC 50% targeted rate based on Capital Value to accommodation, retail, industrial and commercial sectors over the district

Activity	2012-2022 Rating Method	Rating Method
Strategic Planning and Engagement (Previously Community Development)	100% UAGC	100% UAGC
Strategic Planning and Engagement – Resource Management Act (Previously Environmental Policy (FS12-036))	100% targeted undifferentiated rate based on Land Value	100% General Rate
<b>Consolidated Rate</b>		
Uniform waste management charge for City (and environs)	100% Uniform targeted rate over the areas served – charged per each Separately Used or Inhabited Part (SUIP) of a property	100% Uniform targeted rate over the areas served – charged per each Separately Used or Inhabited Part (SUIP) of a property
Uniform waste management charge for Ruatoria	100% Uniform targeted rate over the areas served – charged per each Separately Used or Inhabited Part (SUIP) of a property	100% Uniform targeted rate over the areas served – charged per each Separately Used or Inhabited Part (SUIP) of a property
<b>Consistent Approach to Public Good</b>		
Waipaoa Flood Control Scheme	95% targeted rate on Capital Value to direct beneficiaries in flood scheme area 5% General Rate	60% General Rate, 40% Targeted Rate on Capital Value to direct beneficiaries in flood scheme area
River Erosion Protection Ruatoria	60% targeted rate on Capital Value to direct beneficiaries  15% targeted rate on Capital Value to indirect beneficiaries 15% targeted rate on Land Area to contributors 10% General Rate	60% General Rate, 40% Targeted Rate <ul style="list-style-type: none"> <li>• 27% targeted rate on Capital Value to direct beneficiaries</li> <li>• 6.5 % targeted rate on Capital Value to indirect beneficiaries</li> <li>• 6.5 % targeted rate on Land Area to contributors</li> </ul>
<b>Consolidated Rate</b>		
Land Drainage consolidation (19 rates groups to 2 rates groups)	100% targeted rate on Land Area in the area of benefit	100% targeted rate on Land Area in the area of benefit

The rates on most properties will change from year one, but the level of change (including decreases in some areas) will vary throughout the district. This is because your rates are affected by four factors:

1. the rating valuation of your property. Council uses the Capital Value of your property to assess general rates and some targeted rates
2. a review of the revenue and financing policies of Council – who pays what, why and when
3. changes to the cost of delivering Council activities and services
4. where you live and what direct services you receive – i.e. Rubbish Collection, Water Supply.

### 1.3 General Rating Information

The Local Government Act 2002 (Section 101(1)) requires that Council manage its revenues, expenses and other financial responsibilities in a prudent manner and in a way that promotes the current and future interests of the community as a whole. Council will comply with all statutory requirements and its financial management responsibilities in accordance with generally accepted accounting practice.

Council's Revenue and Financing Policy (under sections 102(4) and 103 of the Local Government Act 2002) are outlined in section 2 of this document.

The decision-making process required to adopt a Revenue and Financing Policy is set out in the Local Government Act 2002 (LGA), Sections 76 to 82.

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

1. In relation to each activity to be funded (under section 101(3)):
  - the community outcome to which the activity primarily contributes
  - the distribution of benefits between the community as a whole, any identifiable part of the community and individuals
  - the period in or over which those benefits are expected to occur

- the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
  - the costs and benefits, including consequences for transparency and accountability of funding the activity distinctly from other activities.
2. The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural wellbeing of the community.

The diagram below illustrates the process of creating a Revenue and Financing Policy.

Activity Level	Funding Sources for each Activity	Council Level
<b>Identifying Activities</b>  What services and level of services should be provided?	Consideration of:  Community outcomes  Beneficiary pays  Exacerbator pays  Intergenerational equity  Costs/benefits of separate funding.	<b>Funding Sources for Council</b>  Aggregation of funding which is available and appropriate for each activity and modification to take account of community wellbeing.

The Local Government (Rating) Act 2002 allows for each "separately used or inhabited part of a rating unit" to be charged a Uniform Annual General Charge (UAGC) and Targeted Rates (where applicable).

The definition on what constituted a "separate used or inhabited part" is updated from time to time and can be found in the funding impact statement.

### 1.4 Balancing the Funding Requirements

The LGA requirement to consider the periods in or over which benefits are expected to occur relates to allocating costs of capital expenditure fairly between the ratepayers of today and tomorrow to ensure intergenerational equity.

The usual mechanism to achieve this is borrowing so that servicing and repayment costs are spread over the period of the enjoyment of the asset. Council may also choose to run surplus and/or deficits to achieve a similar outcome.

### 1.5 The Overall Impact of the Revenue and Financing Policy

The fees, charges and other funding mechanisms used in this policy aim to be sustainable and not to adversely impact on the social, economic, environmental and cultural interests of both the current and future ratepayers. In setting fees, charges and rates Council

recognises the need to consider factors of fairness and equity, including the ability to pay.

### 1.6 Cap on Certain Rates

The Local Government (Rating) Act sets a maximum amount that can be collected from certain rates.

Rates included in the cap are the Uniform Annual General Charge (UAGC) and Targeted Rates set on a uniform basis as a fixed amount per rating unit or separately used or inhabited part. This maximum amount is 30% of the total rates revenue. There are two rates excluded from the cap. These are Fixed Rates for water supply and Fixed Rates for sewage disposal. When the cap is forecast to be exceeded Council will move one or more of the activities funded in this way to a district-wide General Rate based on Capital Value. This process will occur as part of the Long Term Plan and Annual Plan rates setting and modelling each year. The order in which activities will move out of the UAGC to the General Rate, if required, is as follows:

- Planning & Performance and Strategic Planning and Engagement (funding stream 12-019)
- Civil Defence and Emergency Management (funding stream 12-038)
- Economic Development (funding stream 12-020)
- Civic and Corporate Expenses of the district (funding stream 12-049)

### 1.7 UAGC Lever

Council legitimately utilises the UAGC as a lever to reduce spikes on properties by redistributing a proportion of rates to all ratepayers. This UAGC lever is available for future valuation spikes or changes resulting from large policy reviews.

When Council decides to increase or decrease the UAGC to reduce significant spikes in rates incidence it will review the activities currently in the UAGC and undifferentiated General Rate on Capital Value and decide on the most appropriate activity to transfer. This process will occur as part of the LTP and Annual Plan rates setting and modelling each year.

### 1.8 Burden of Rates

The primary liability for rates rests with the property owner. Section 10 of the Local Government (Rating) Act (LGRA) defines a ratepayer as being the person named as a ratepayer in the rating information database (RID) and the district valuation roll (DVR). Section 11 of the LGRA provides the test in determining who should be entered into the RID.

The Section 11 test also provides clarity of leasing situations. In its simplest form, Section 11 ratifies the concept that the burden of rates lies with the owner. However that burden can be transferred to a lessee providing there is a registered lease from the owner to

the lessee, which includes the formal transferring of the rates burden. Such a lease must be for a minimum period of ten years.

### 1.9 Rating Unit

A rating unit is the entity that actually attracts liability for rates. It is usually the land comprised in a Certificate of Title (CT). Two or more pieces of land may constitute one rating unit if:

- it is in common ownership; and is
- used jointly; and is
- contiguous.

If there is no Certificate of Title the Valuer General must make a ruling.

### 1.10 Rating Areas

The district is divided into two areas for rating. These are referred to as the Inner Zone and Outer Zone. For some funding streams, reference is made to DRA1, DRA1A, DRA2, DRA3, DRA4 and DRA5. These areas were defined by Council in previous rating resolutions between 1991 and 2002 and are recorded on Council's district rating area (DRA) maps, these maps are available on the Council's website [www.gdc.govt.nz](http://www.gdc.govt.nz).

These rating areas are used to define the area to which a Targeted Rate applies.

**Inner Zone** includes:

- Gisborne City (DRA1) and the semi urban/buffer zone around Gisborne City including Wainui and Makaraka (DRA1A)
- Poverty Bay Flats including immediate fringe hill properties, Muriwai, Manutuke, Patutahi, Makauri, Ormond, part of Waimata, Makorori, and Tatapouri (DRA2).

**Outer Zone**

- Whangara, part of Waerenga-o-Kuri, Ngatapa, Whatatutu and Te Karaka (DRA3). Rural hinterland including Tiroto, Otoko, Matawai, Motu, Tolaga Bay (DRA4). The East Cape north of Mangatuna - Hicks Bay, Te Araroa, Tikitiki, Ruatoria, Waipiro Bay, Te Puia Springs, Tokomaru Bay (DRA5).

Rural Towns include the following settlements:

Whatatutu, Te Karaka, Motu, Matawai, Tolaga Bay, Hicks Bay, Te Araroa, Tikitiki, Ruatoria, Waipiro, Te Puia Springs and Tokomaru Bay



### 1.11 Funding Mechanisms

Council's funding policies are determined having consideration of the requirements of s101 (3) including consideration of who benefits, intergenerational equity, who contributes to the need for the activity, distinct funding and the overall impact of the method of funding.

Where Council has been able to clearly identify a direct relationship between users and the service provided by Council and it is efficient and effective to do so, Council has applied either a targeted rate or fees and charges.

Where the level of service provides a benefit to the community as a whole; is of a uniform nature; or where Council is not able to identify the direct relationship between users and the service Council uses general rates.

In a number of instances Council uses a mix of the general rate and fees and charges whilst also recognising the overall impact on the community and ability to pay.

Council's funding policy reflects that individuals, groups and communities should pay for the services they receive at the time that they are using them (intergenerational equity). This is particularly important when Council builds significant infrastructure with an expected long life. Council seeks to match the term of borrowings with the average life of assets when practical.

This enables Council to best match charges placed on the community against the period of benefits from capital expenditure.



Where possible other sources of revenue are collected including subsidies and grants.

Development contributions are collected where possible for developments which create the need for additional infrastructure or place an additional demand on our existing infrastructure.

### Operating expenditure

Council funds operating expenditure from the general rate, targeted rates, fees & charges, interest and dividends from investments, grants and subsidies and other operating revenue. Council may choose to fund operating expenditure by other sources than those listed if it becomes available over the life of the Long Term Plan.

### Capital expenditure

Council funds capital expenditure from borrowing, development and financial contributions, operating surpluses, sale of assets, subsidies, depreciation reserves and other operational or capital reserves, lump sum contributions, internal loans, grants or subsidies, general rate, targeted rate or capital rate. Council may choose to fund capital expenditure by other sources than those listed if it becomes available over the life of the Long Term Plan.

**General Rates:** General Rates are regarded as a tax that funds the collective community benefit of an activity across the district as a whole. There are two types of General Rates, the General Rate on Capital Value (CV) and the Uniform Annual General Charge (UAGC).

- **General Rates on CV**

These are rates which are directly related to the value of the property and are more like a tax than a charge for services. They are charged as a "rate in the dollar" of Capital Value.

The General Rate is set on a uniform basis (no differentials).

Sometimes the General Rate might pay for those items for which costs could be considered to increase with the amount of property owned. At other times the General Rate pays for those things for which there is no identifiable user or group of users.

- **General Rates - UAGC**

This rate is a fixed charge per property or Separately Used or Inhabited Part of a property (SUIP). A UAGC is used for funding activities that all properties benefit uniformly. Examples are public toilets, civil defence and litter bins in public areas.

**NOTE:** *Investment income and profits from Council's Commercial Operations (Business Units) are treated as internal dividends to the Treasury Activity and are used to offset part of the General Rate on Capital Value.*

**Targeted Rates:** Targeted Rates allocate the costs over one or more categories of property to fund one or more identified activities. Targeted Rates are used to allocate the cost of activities to an area or to the particular category of properties within the district that are perceived to receive the benefit, or are set on a district wide basis.

- **Targeted Rate – Fixed:** Council sets fixed Targeted Rates which are fixed rates that apply in specific areas and you pay them if you have access to the service. Ratepayers who do not have access to the service consequently do not pay. Examples are Water Rates, Refuse Collection charges and Wastewater (sewage) charges.
- **Targeted Rates – Variable:** Variable Targeted Rates also only apply if the property is in the area to which they apply, but the rates are based on the value or size of your property. Examples are Flood Control rates (based on Capital Value) or Drainage rates (based on the area of the property).
- **Targeted Rates – Differential:** Sometimes a Targeted Rate, whether it is fixed or variable, needs to be adjusted according to some usage criterion, or to a particular location where the activity is used. This is called a "Differential Targeted Rate" and applies to some activities like Parks and Reserves.

**A Mixture of Several Types of Funding:** Sometimes activities are not funded by rates or property taxes at all. Examples of non-rate funded income are:

**Subsidies and Grants :** An example is the subsidy Government provides through New Zealand Transport Agency (NZTA) for road maintenance.

**User Fees and Charges :** If the user of the service can easily be identified and if there is clear private benefit of a service, a fee can be collected directly from the user. If it is possible to efficiently impose a charge Council does so, on the basis of either recovering the full cost of the service, the marginal cost added by additional users, or at a rate that the market will pay. Examples are Building Consents, hire of books from the Library and Dog Licences.

**Revenue from Interest and Dividends :** Council receives interest on funds invested or investments and may receive dividends from its Council Controlled Organisations, Business Units and/or shares in other companies. These are consolidated through the Council's Treasury section and utilised to reduce General Rates.

**Borrowings :** Council can choose to borrow money and pay it back from rates or other income over a period of time. Council uses two forms of borrowing; internal loans where an activity borrows from the Treasury section and external borrowing. The external borrowing is used to support Council's balance sheet as a whole. This includes working capital. External borrowings are always lower than internal loans due to the utilisation of Council internal financial reserves to partly fund internal loans.

**Capital Realisation** : Money gained through sale of assets.

**Reserves** : Money set aside in holding accounts for specific purposes if, for example, the rent from community housing is more than the cost of running the community housing, a portion of the surplus is placed in a reserve account which may only be used for some project to do with community housing facilities.

**Development Contributions:** Developers are required to pay contributions towards the capital costs Council incurs in developing additional infrastructure to support the growth their developments contribute to.

### 1.12 Differentials

In past years Council has had six rating areas and has charged different rates-in-the-dollar to each area. This was based on the degree of benefit accruing from each activity to each rating area. It is now more appropriate to rate on two main zones, being Inner Zone and Outer Zones. These reflect the long term nature of Council and the wide range of activities Council provides across the whole district, the varying projects and priorities from year to year and results in a more consistent approach to rating.

In considering the distribution of costs, particularly in relation to rating on a Capital Value basis, in far fewer cases could Council argue that there was any case for retaining differential areas. Many of the rates in the Funding Policy are therefore "Undifferentiated" or sometimes differentiated in terms of "Inner Zone" and "Outer Zone" only. There are few cases where full differentials have been retained and these are generally classified as Targeted Rates. These are:

- **Road Maintenance and Construction.** Land use differentials are used for road maintenance where currently residential, lifestyle and other have a weighting of 1.0; pastoral and horticultural have a weighting of 1.5, commerce and industry have a weighting of 2.0 and forestry has a weighting of 5.0.
- **Soil Conservation and Rural Fires** were considered to have a different fall of expenditure between properties in the vicinity of the city and those which were rural. For those activities, two geographical zones were established; the Inner Zone which aligns with the DRA1, DRA1A and DRA2 differential rating areas, and the Outer Zone which aligns with the DRA3, DRA4, and DRA5 differential rating areas.
- **Loans** for specific projects will be funded through separately determined Targeted Rate, charged to the beneficiaries of the loan.

The significant activities will link with the Activity Management Summaries of the 2015-2025 LTP.

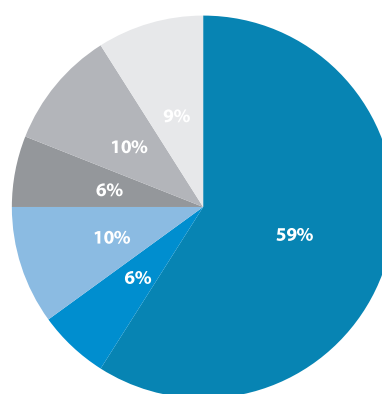
### 1.13 Summary of Revenue and Financing Policies

Council sets its long term revenue to fund its ongoing operations and asset management programmes. The funding sources used depend on the Council's analysis of the individual activities. These are outlined below. The percentage of funding from each funding source may vary slightly from year to year. For some activities a range of funding is set.

The fees and charges components are a target and, where not achieved, the shortfall will be funded proportionally by the remaining funding streams for the activity.

Where an activity or sub activity has not been specifically referenced in the policy or for new schemes/activities they will be funded in a way that is consistent with similar activities and after taking into account the considerations in Section 101(3) of the LGA.

**Total Rates by Zone 2015/16**



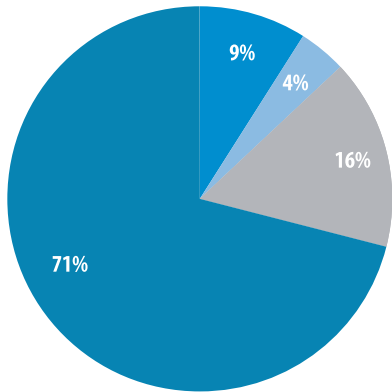
#### Inner Zone 75%

- DRA1 - City
- DRA1A - City Surrounds
- DRA2 - Poverty Bay Flats

#### Outer Zone 25%

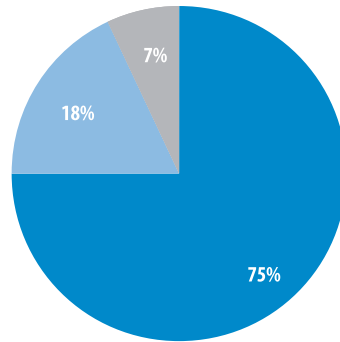
- DRA3 - Whangara, part of Waerenga-o-kuri and Ngatapa
- DRA4 - Rural Hinterland including Tiroto, Otoko, Matawai, Motu and Tolaga Bay
- DRA5 - East Cape, north of Mangatuna

Total Rates Levied by Sector 2015/16



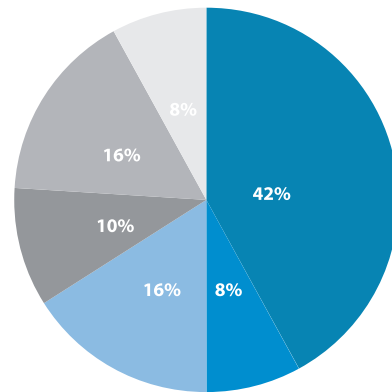
- Commercial / Industrial
- Forestry
- Horticultural and Pastoral
- Residential / Lifestyle

UAGC by Area



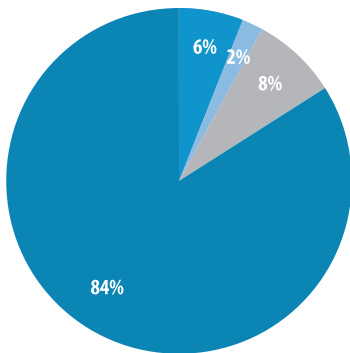
- Urban
- Rural
- Rural Townships

General Rates by Zone 2015/16



- DRA1 - City
- DRA1A - City Surrounds
- DRA2 - Poverty Bay Flats
- DRA3 - Whangara, part of Waerenga-o-kuri and Ngatapa
- DRA4 - Rural Hinterland including Tiniroto, Otoko, Matawai, Motu and Tolaga Bay
- DRA5 - East Cape, north of Mangatuna

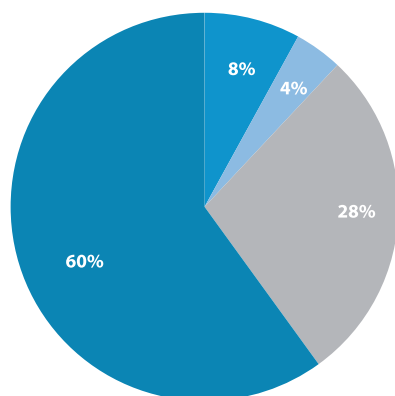
UAGC by sector



- Commercial / Industrial
- Forestry
- Horticultural and Pastoral
- Residential / Lifestyle



## General Rates by Sector 2015/16



- Commercial / Industrial
- Forestry
- Horticultural and Pastoral
- Residential / Lifestyle

## PART 2 - Activities

### 2.1 Commercial Operations

Commercial Operations comprise the commercial and business activities of Council. Income or reduced costs from involvement in these activities reduces Council's reliance on rates funding. The reduced cost can arise where Council utilises its own business unit rather than a third party at a lower overall cost. It is accepted that returns on some legacy assets will be less than might be achieved from alternative investments.

#### Key components of this activity comprise:

- Gisborne Vehicle Testing
- Waikanae Beach Top 10 Holiday Park
- Commercial Forestry
- Commercial Property (including Municipal Buildings)
- Community Housing
- Council Controlled Organisations including Gisborne Holdings Ltd and Tauwhareparae Farms Ltd.

**Primary Community outcomes:** Tairāwhiti Wawata, Tairāwhiti Tangata.

#### Who benefits?

Direct benefits accrue to customers and forestry joint venture partners. Direct benefits from Forestry accrue to the city ratepayers through the protection of the water supply catchment. Direct benefits from the commercial property activity accrue to purchasers of the land for development. Direct benefits accrue to the lessees of commercial property. Ratepayers benefit from increased utilisation of Council assets.

There are indirect benefits to the district through the degree that regional capital investment enhances the local economy.

Indirect beneficiaries of commercial operations are ratepayers throughout the district who benefit through reduced rates as a result of the internal dividends paid by these activities.

There are also indirect benefits to the district through the degree to which a good quality holiday park attracts visitors from outside the region who enhance the local economy.

The district as a whole benefits from forestry through the stabilisation of erosion prone land that supports critical infrastructure like roads and the town water supply line.

Municipal properties are portfolio managed to ensure efficient management and to ensure consistency throughout the organisation. The whole community benefits from having suitable premises for Council functions.

Community Housing provides basic quality housing for residents over 55 years of age who have difficulty providing it themselves. Tenants are the primary beneficiaries. The community as a whole benefits from having appropriate affordable housing available to senior residents.

Staff Housing provides accommodation for staff in remote areas where rental properties are unavailable and house purchase is not practicable. It also utilises legacy accommodation attached to Council offices, cemeteries etc. which cannot be readily disposed of.

Tenants are the primary beneficiaries. The related Council activity benefits from having appropriate housing available to staff.

**The Period of Benefit:** On-going now and into the future - benefit to the tenants, the community and to Council.

**Exacerbators who create the need for this activity**

Individuals and businesses that use the Council's Community Housing, Commercial Property, Gisborne Vehicle Testing and Waikanae Beach Top 10 Holiday Park create the demand for providing these facilities. Accordingly it is appropriate these are funded through user charges.

**Separate funding**

The distinct beneficiaries for each component of the activity support multiple funding streams. Given the size of the expenditure separate funding is considered important for transparency. These returns provide an income stream to Council.

Only two areas are rates funded. Municipal property is indirectly rate funded through its internal charges and the capitalisation of Gisborne Holdings Ltd is funded through General Rates.

**Funding stream(s)**

Capital investments - funded from internal borrowing, related activity reserves and/or the 'Capital Development Fund' reserve.

Individual dividend policies are subject to change in response to the business environment. Overall dividends received in excess of budgeted levels are transferred to a 'dividend income equalisation' reserve.

In years where dividend income falls below budgeted levels Council may fund all or a portion of the shortfall from this reserve. Other than this, funds in the reserve may be used for any purpose approved by Council.

FUNDING STREAM FS12-001

Gisborne Vehicle Testing: 100% Fees and Charges

FUNDING STREAM FS12-002

Waikanae Beach Top 10 Holiday Park: 100% Fees and Charges

FUNDING STREAM FS12-003

Commercial Forestry: No rates funding required

FUNDING STREAM FS12-004

Commercial Property - (including Municipal Buildings)

FUNDING STREAM FS12-005

- 100% fees and charges set at commercial levels with the following exceptions:
  - recovery of municipal building costs through internal charges to the related Council activities with a minimum 1% return on investment.
  - Gisborne Airport (leased) Runway Loan Interest, Undifferentiated General Rate on CV. This funding stream may also be used to fund any deficit in the Airport activity.
  - miscellaneous semi-commercial properties, Undifferentiated General Rate on CV may also be used to fund any deficit in this aspect of the property activity.

FUNDING STREAM FS12-014

**Community Housing**

100% Fees and Charges to tenants.

Rents are set at 90% (or up to full market rate if required so the activity is self-funding) of the market rate (lower quartile) for Gisborne.

The activity surplus (if any) is utilised as follows:

- Repay previous deficits (up to 100%)
- Up to 60% to the Community Housing Reserve.

Balance to support specific Council community activities (in order):

1. Olympic Pool
2. Library
3. Theatres.

**Capital Expenditure**

Funded in order from:

1. Depreciation Reserve (Renewals)
2. Community Housing Reserve
3. Internal Loans.

FUNDING STREAM FS12-015

**Staff Housing**

100% Fees and Charges to tenants.

Rents are set at full market rate. If market rents are insufficient to maintain a property there is an additional charge to the activity using the property.

### Capital Expenditure

Funded in order from:

1. Depreciation Reserve (Renewals)
2. Staff Housing Reserve
3. Internal Loans.

### FUNDING STREAM FS 12-006

### Dividends to Council from Commercial Operations and CCOs

Current internal dividend policies are:

- Gisborne Vehicle Testing: 80% -100% of the operating surplus returned to Council.
- Waikanae Beach Top 10 Holiday Park: 80% -100% of the operating surplus returned to Council.
- Commercial Forestry: 90% of the cash operating surplus returned to Council (less any funds required for planting/replanting harvested blocks).
- Commercial Property (including Municipal Buildings): 90% -100% of operational surplus (including gains on sale but excluding property revaluations) returned to Council.
- Community Housing

Current external dividend policies are:

- Gisborne Holdings Ltd: An interim dividend paid in February each year. The final dividend will be paid in October.

## 2.2 Planning and Development

### AQUATIC AND RECREATION FACILITY (OLYMPIC POOL)

This activity provides the opportunity for aquatic recreation, fitness, sport, play, fun, education, health, and social interaction in a safe and inclusive way and provides access to events space and affordable holiday accommodation for groups.

#### Key components of this activity comprise

- Olympic Pool Complex
- Churchill Park facilities.

#### Primary Community outcomes:

Tairāwhiti Tangata.

#### Who benefits?

The community benefits through learn-to-swim opportunities and the Pool's contribution to a healthy lifestyle.

Users of the facility derive private benefit.

Several Health Support Groups use the facility to enhance the quality of their target groups to assist in rehabilitation. Large annual events (eg BW camping). Schools through the year support the extended educational programme. There is a private benefit for users of the accommodation facility. There may be more benefit to those users living in the inner zone as they are in closer proximity to the Olympic Pool.

The Period of Benefit : Now and into the future.

#### Exacerbators who create the need for this activity

The provision of the Pool activity occurs as a result of a number of inactions from other parties, for example public bodies such as schools do not normally allow the use of their pools to the wider public, nor is the private sector a major provider of public aquatic facilities and services to the scale and scope of the Pool.

#### Separate funding:

The scale, costs and wide spread benefit therefore suggests that separate funding is required.

#### Funding stream(s)

FUNDING STREAM FS12-007 – consolidated with FS12-016 Theatres

40% Fees and Charges

60% Weighted Differential Targeted Rate based on Capital Value; weighted:

- Inner Zone 1 .0
- Outer Zone 0.3

## LIBRARIES

This activity ensures that 'our community is connected' to quality Library services, facilities and resources to meet lifelong learning, literacy development, educational, intellectual, recreational, economic and cultural needs. The Library also provides spaces for the community to interact and contributes to informed citizens in the physical and digital society.

**Key components of this activity comprise**

**HB Williams Memorial Library:** Serving Gisborne's urban and rural communities by providing space and resources including professional staff, free internet, magazines, non-book material, talking books, music and art works.

**Community Libraries :** Managed by volunteers, also operate to enhance rural access to library resources (Matawai, Motu, Tolaga Bay, Waerenga-o-Kuri, Rere, Tokomaru Bay, Waikura Valley). Staff support and deliver literacy programmes for all communities.

**Primary community outcome:**

Tairāwhiti Tangata.

**Who benefits?**

The whole community benefits (urban and rural) from the activity through access to materials and services which the Library provides.

The main beneficiaries of the Library are individuals through the provision of recreation and educational resources.

Non-residents also benefit through access to the Library services.

The central business district benefits indirectly from having increased traffic in the city centre.

The Period of Benefit: Now and into the future.

**Exacerbators who create the need for this activity:**

While the tertiary sector and schools have their own library facilities, neither they nor the market are able to provide services at the level and magnitude required by the whole community. Therefore the whole community creates a need for accessible and quality Library services.

**Separate funding:**

The Library activity is a core service that Council provides for the benefit of the whole community which has significant costs associated with it. Separate funding is considered important for transparency.

**Funding stream(s)**

FUNDING STREAM 12-008

10% Fees & Charges

90% UAGC.

## PARKS AND COMMUNITY PROPERTY

This activity includes community facilities and non-commercial property. We undertake this activity to have an open space network that provides community and recreational opportunities, as well as cultural, landscape and ecological protection and enhancement.

Also we provide non-commercial leased property for community and other groups to use and to ensure protection or enhancement of community facilities that enliven or celebrate our community's heritage.

**Key components of this activity comprise**

**Leased Properties:** The provision and administration of non-commercial leased Council properties made available to (charitable) community, recreational or sports club groups.

The provision and/or maintenance of public art, boat ramps and jetties, cenotaphs and memorials.

**Community Buildings:** Maintain buildings owned for civic purposes including the provision of specialist community facilities that allow the activities of Library services, Museum and Art Gallery, Theatres and Swimming Pools to take place.

**Cemeteries:** Provision of land and facilities for the burial or interment of ashes of the dead and their remembrance. Also to provide records and an enquiry service for all Council owned cemeteries.

**Conveniences:** Provision of public conveniences appropriate to the location and service required.

**Parks and Reserves:** The provision of passive and active parks and open space and associated recreational facilities. Also the provision of public access points to rivers, streams, bush and coastline.

**Primary Community outcomes:**

Tairāwhiti Tangata, Tairāwhiti Taonga.

**Who benefits?**

**Leased Properties:** Benefits flow to the whole community and to the individual groups who lease Council Land Areas to undertake their activity (eg sporting, recreational and other community organisations). There is a benefit gain for visitors and individuals who use and enjoy the other community facilities provided within this activity.

**Community Buildings:** Benefits flow to the whole of the community, through the provision of heritage, leisure, arts and cultural activities, that each act on to educate and enliven our communities. These buildings make the district an interesting destination for visitors or attract new residents to a district that is a great place to live, work and play.

**Cemeteries:** Individual users, particularly families of the deceased. The community as a whole in the availability of well maintained open space and as a repository of

genealogical and other human interest or heritage information.

**Conveniences:** Individuals, visitors, businesses and the wider community all benefit from the provision of accessible, safe and sanitary conveniences.

**Parks and Reserves:** There is a public/whole of community benefit through the provision of formal and informal recreational opportunities that enhance and support community health and well-being. There is a private/individual benefit to the community and sporting groups who use Council recreational facilities. There is a benefit gain for event organisers and sections of the business community from the commercial spend of participants associated with particular events.

The Period of Benefit: Now and into the future.

**Exacerbators who create a need for this activity:**

The whole community, community groups, sports and recreational groups and visitors to the district.

**Separate funding:**

The distinct beneficiaries for each component of the activity support multiple funding streams. Given the size of the expenditure, separate funding is considered important for transparency.

**Funding stream(s)**

FUNDING STREAM FS12-009

Leased Properties: 100% Fees and Charges to the third party leasing the buildings.

FUNDING STREAM FS12-010

Community Buildings: 100% Rates funding – UAGC.

FUNDING STREAM FS12-011

Cemeteries: 80% Fees and Charges to the users of the facilities.

20% Uniform Annual General Charge as there is equal benefit over the whole district.

FUNDING STREAM FS12-012

**Conveniences**

1% User pays charges (the facility in Gisborne CBD)

99% Uniform Annual General Charge, as the physical ability to collect from individual users is very difficult.

FUNDING STREAM FS12-013

**Parks and Reserves**

95% -100% Differential Targeted Rate per rating unit

85% to Inner Zone, 15% to Outer Zone.

Up to 5% to private users through Fees and Charges where practical.

## ARTS and CULTURE

This activity provides facilities, services and art in public places that enable the public to experience and participate in the performing and visual arts. It also houses and supports a regional museum to provide a safe repository for the district's taonga (treasures).

**Key components of this activity comprise**

- Theatres
- Museum
- Art in Public Places.

**Primary Community outcome:**

Tairāwhiti Tangata, Tairāwhiti Taonga.

**Who benefits?**

**Theatres :** There is specific benefit to those who use the facility and attend activities. The business community benefits from spending by visitors attending facilities and events.

The whole community benefits from having access to facilities that enable community gatherings, and allow the public to experience performing and visual arts.

**Museum:** The whole community (including particular sector groups e.g. schools) benefit from the Museum through the provision of cultural services, information and education, exhibition and management of the museum collection.

**Art in Public Places (AIPP):** The whole community benefits from AIPP.

The Period of Benefit: Now and into the future.

**Exacerbators who create a need for this activity**

**Theatres:** The need is created by the whole community – but more so in the inner zone closer to the theatres than the outer zones which are rural and have some distance to travel. Sector artistic groups and private users also create a demand for facilities.

**Museum:** The need is created by the whole community. The community creates the need by requiring a facility to store and display museum collections as well as have access to cultural services, information and education.

**Art in Public Places (AIPP):** The need is created by the whole community.

**Separate funding**

**Theatres, Museum and Art in Public Places (AIPP):** The scale of costs and spread of the benefits of the function suggest that separate funding is needed for each component.



## Funding stream(s)

FUNDING STREAM FS12-016 – consolidated with FS12-007 Aquatics and Recreation Facilities

### Theatres

- Fees and Charges 25%.
- Weighted Differential Targeted rate based on Capital Value weighted: inner zone 1.0 and outer zone 0.3.

FUNDING STREAM FS12-017

### Museum

100% UAGC

FUNDING STREAM FS12-018

### Art in Public Places (AIPP)

- External grant funding for capital work.
- Internal funding through the parks and community property activity for operational costs.

*Note : Parks and Reserves is funding stream FS12 - 013.*

95% - 100% Differential Targeted Rate per Rating Unit, 80% to Inner Zone, 20% to Outer Zone, up to 5% to private users through fees and charges where practical.

## PLANNING AND DEVELOPMENT

The Planning & Development group is responsible for a wide range of activities that assist Council to meet its LGA 2002, Resource Management Act 1991 and Reserves Management Act 1997 obligations including contributing to a civil society, the functioning of democracy, social inclusion, a sense of place and sustainable economic growth.

There is a focus on the development of strategies, policies and plans to give effect to Council's Community Outcomes. Community participation in Council decision making is a key part of developing and implementing our policy and plans.

This activity also prepares, maintains and implements strategies, policies and plans to promote sustainable management of natural and physical resources. This requires a robust policy and regulatory framework, education and advocacy, and realistic implementation plans.

A healthy environment is an important priority for the district. Environmental priorities at a national and international level also need to be given effect in local planning documents.

### Key components of this activity comprise

- Planning and Performance

- Strategic Planning and Engagement
- Economic Development
- Māori Engagement.

### Primary Community outcomes:

Contributes to all Council community outcomes.

### Who benefits?

**Planning and Performance:** The whole community benefits equally from the activity.

**Strategic Planning and Engagement:** The whole community benefits from the activity.

The private plan change requests to date have had benefits that accrue to clearly-defined private interests. Proposals may be promoted by public interest groups but are more likely to be by someone seeking specific benefits from resource use.

**Economic Development:** The business community primarily benefits from economic development of a region (e.g. increased income and people are likely to increase business wealth). Sectors within the business community benefit through targeted economic development programmes. The not-for-profit sector benefits through indirect effects of economic development such as the promotion of events in the social and sporting sector.

The whole community benefits through the spin-off impacts of economic development and through having a coordinated approach to economic development, e.g. if the district develops well then everyone benefits.

**Māori Engagement :** The community as a whole are the beneficiaries where consultation enables Māori to be better informed and to provide meaningful input into Council.

**The Period of Benefit:** Now and into the future.

### Exacerbators who create a need for this activity

**Planning and Performance:** The Council in complying with the statutory provisions of the LGA 2002 creates a need through its coercive powers of rates extraction. The whole of community creates a need through requiring transparency and accountability of funding.

**Strategic Planning and Engagement:** The whole community creates a need as we support community economic, social and cultural wellbeing. We also undertake these activities to manage the use, development and protection of our natural and physical resources.

Special interest groups create a need. The private plan change - the activity would not exist without the individual or group who makes the request. The costs of assessing and administering the request are quantifiable and readily recoverable.

**Economic Development** : Economic Development is intended to focus on the Council's ability to meet its purpose over the long term through promotion of economic benefits for the local community. This heading comprises three activities, economic development for the region generally, city centre management and promotion and tourism.

The general economic development activity supports the promotion of economic development for the Gisborne region as well as current business support. The City Centre Management and Promotion activity is aimed at enhancing and promoting the Gisborne city centre as a place for people to live, work and play. The tourism initiatives are aimed at growing the visitor economy through increased spend by visitors as well as increasing visitor numbers.

**City Centre Management and Promotion:** The role of City Centre Management and Promotion is to promote the city centre, in a coordinated and effective manner as the primary focus on the business activity in the Tairāwhiti region; develop a strong sense of community in the city centre; attract new businesses to the city centre, foster a sound mix of retail, service businesses, administrative centres and services and commercial and private accommodation and other businesses in the city centre to maximise customer opportunity for retail, service and accommodation providers in the city centre; contribute meaningfully to all Council plans, strategies and policies relevant to the city centre and work with Council to find mutually acceptable solutions; work closely with the Police and other interested groups to encourage a safe inner city; and to foster strong relationships with members and keep members informed of issues Council seeks member input from.

### Separate funding

The size of the group of activities and the distinct components across the activities require separate funding streams.

### Funding stream(s)

FUNDING STREAM 12-019 (includes previous FS12-036)

#### **Strategic Planning and Engagement, Māori Engagement**

66% UAGC

34% General Rates

Minor fees and charges may occur, for example as a recovery of workshop costs.

Note – It is considered prudent to not be at the fullest extent of the 30% cap on certain rates, this allows for property and subdivision changes throughout the year to not impact on Council's compliance with the 30% threshold.

If the 30% cap is close to capacity this activity will move to a district wide General Rate based on Capital Value.

FUNDING STREAM FS12-037

#### **Strategic Planning and Engagement: Private Plan Changes**

100% Fees and Charges to individuals who seek change.

FUNDING STREAM FS12-020

#### **Economic Development and Tourism**

40% Undifferentiated General Rate on CV

10% UAGC

50% Targeted Rates based on Capital Value. (Note Targeted Rates comprise targets to accommodation, retail, industrial and commercial sectors over the whole of the district).

**Note:** Accommodation may include bed and breakfasts and other tourist accommodation including short term summer accommodation.

FUNDING STREAM FS12-021

#### **City Centre Management & Promotion**

100% Targeted Rate on CV to non-residential properties located in the defined CBD area.

FUNDING STREAM 12-022

#### **Business Area Patrols**

100% Targeted Rates on CV to non-residential properties within the defined CBD area.

## 2.3 Environment and Regulatory Services

### PARKING SERVICES

To maintain control of traffic in respect of parking spaces within the Gisborne City. Application and compliance with traffic law and parking law in respect of stationary vehicle offences.

#### Who benefits?

#### Parking Services

- Individual road users need controls to rotate car parks for customers.
- Total mobility parks need controls to ensure legitimate road users can access these parks.
- CBD business benefit by constant rotation of parks. Individual benefit for road users for ticketing offences under the Transport Regulations.
- Minor enforcement role in outer suburban shopping centres.

#### Funding stream(s)

FUNDING STREAM FS12-050

#### Parking Services

100% Parking Fees and Charges.

20% of the activity surplus transferred to a Parking Reserve. This reserve is used to fund parking facilities throughout the district. 80% used in Land Transport to reduce the subsidised roading requirement firstly in the portion.

### ENVIRONMENTAL SERVICES

To sustainably manage the district's land and water resources and to minimise and prevent animal and plant pests (using a range of regulatory and non-regulatory measures) to protect and enhance the district's natural environment (where possible).

#### Key components of this activity comprise

- Animal Pest Control
- Plant Pest Control
- Soil Conservation
  - Advocacy and Education
  - Land Use
  - Nursery and Reserve Management
- Water Conservation
  - Advocacy and Education
  - Implementation of Rules

#### Primary Community outcomes:

Tairāwhiti Taonga, Tairāwhiti Tangata.

#### Who benefits?

The whole community benefits from the quality of information about natural resources including for recreational use, commercial use, and avoiding hazards. Individuals especially benefit, both urban and rural landholders. Because animal pests are mobile, and move freely across property boundaries, benefits are not confined to particular properties.

Animal pests are largely land-based and the major beneficiaries are rural land occupiers. There are higher costs in more remote areas and where landholdings are small. Urban areas have animal pests and generate considerable requests for service on account of nuisance value, especially possums, rabbits and Argentine ants.

There is a wider community economic benefit notably from possum control to assist in retention of the district's Bovine TB-free status. The regional economy is largely rural and land based. Refer to Regional Pest Management Strategy 2010-2015 (RPMS). The RPMS strategy has been extended to 30 June 2016 and is planned to be reviewed.

The Period of Benefit: Now and into the future.

#### Exacerbators who create a need for this activity

**Soil Conservation:** Pastoral hill country erosion and biodiversity loss is an issue caused by previous generations, at times mitigated and at times accentuated by Government policies. Sensitivity of land to unwise land use and land management practices is a natural feature. Individuals can make short term gains at the expense of future users of the land and downstream impacts.

**Soil Conservation - Nursery and Reserve Management:** Previous farming landholders who were users of the reserves. Previous and present holders of erosion prone lands requiring tree establishment for soil erosion control.

**Water Conservation:** The whole community – water, riverbeds and coastal areas are community resources that are highly valued. Users may be in conflict with each other. The need for this activity is created by users (consumptive or otherwise) placing pressure on water resources and the community demanding information and initiatives that will address their concerns.

#### Separate funding

The distinct beneficiaries for each component of the activity support multiple funding streams. Given the size of the expenditure separate funding is considered important for transparency.

**Funding stream(s)**FUNDING STREAM FS12 - 023**Animal and Plant Pest Management**

1% Fees and Charges

99% Differentiated Targeted Rate based on Land Value

85% from Outer Zone

15% from Inner Zone

Fees and charges – largely contributions from the Crown for activities affecting Conservation Estate fringes.

FUNDING STREAM FS12 - 024**Soil Conservation – Education and Advocacy**

1% Fees and Charges, recovered through PIM's and LIM's.

99% Differentiated Targeted Rate based on Land Value. 50% from Outer Zone (DRA5 & Townships), 30% from Outer Zone (DRA3 & 4 & Townships), 20% from Inner Zone (Urban & Rural).

**Exacerbators who create a need for this activity:**

**Animal and Plant Pest Management:** Animal pest introductions may occur through natural spread that is impossible to prevent. Established pests were introduced by previous generations and persons unknown.

Urban areas are a source of new pest plants in the rural area (eg Wild Ginger, Blue Morning Glory). The distinction between beneficiaries and exacerbators is in practice rather arbitrary as they tend to be one and the same.

FUNDING STREAM FS12-025**Soil Conservation - Land Use Control**

1% Fees and Charges

99% Differentiated Targeted Rate based on Land Value. 50% from Outer Zone (DRA5 and Townships),

30% from Outer Zone (DRA3 and 4 and Townships),

20% from Inner Zone (Urban and Rural).

FUNDING STREAM FS 12-026**Soil Conservation - Nursery and Reserve Management**

100% Fees and Charges for the reserves.

85% Fees and Charges for the nursery.

15% Differentiated Targeted Rate based on Land Value for the nursery. 50% from Outer Zone (DRA5 and townships). 30% from Outer zone (DRA3 and DRA4 and townships). 20% Inner zone (urban and rural).

FUNDING STREAM FS 12-027 + FS-028 consolidation**Water Conservation**

1% Fees and Charges, recovered through PIMs and LIMs.

99% Differentiated Targeted Rate based on Land Value.

30% from Outer Zone (Rural & Townships)

70% from Inner Zone (Urban & Rural).

**BUILDING SERVICES**

This activity promotes the safety of people living and working in buildings. The activity also provides information on request to applicants who either intend to build on or purchase a property, and works to resolve complaints about building related issues, including stormwater on private property.

**Key components of this activity comprise**

- Land Information Memoranda (LIMs)
- Building Consents
- Public Advice
- Complaints, investigation and regulatory enforcement.

**Primary Community outcomes:**

Tairāwhiti Tangata.

**Who benefits?**

Members of the community who request LIMs, make building consent applications or seek advice about the law and regulations, or who make complaints.

The Period of Benefit : Now and into the future.

**Exacerbators who create a need for this activity**

The need for the activity is contributed to by the same members of the community as above as well as those who do not comply with the law.

**Separate funding**

The distinct beneficiaries for each component of the activity support multiple funding streams. Given the size of the expenditure, separate funding is considered important for transparency.

**Funding stream(s)**FUNDING STREAM 12-029**LIMs/PIMs**

100% User Fees and Charges to the applicant.

FUNDING STREAM 12-030 – consolidated with Non Subsidised Local Roads FS 12-051

## Building Services

80% Fees and charges to applicants, 20 % Differentiated Targeted Rate on Capital Value:

- 85% inner zone
- 15% outer Zone.

## ENVIRONMENTAL HEALTH

This activity promotes and improves human health, safety, comfort and wellbeing for all persons in the Gisborne district and protects the environment from preventable harm.

### Key components of this activity comprise

- Environmental Protection & Waste Management
- Food Safety, Registered Premises, Liquor Licensing, Disease Control
- Hazardous Substances, Pollution Response
- Living Conditions, Construction, Water Supplies and Sewage Treatment
- Public Places, Water Recreation and Bylaws.

### Primary Community outcomes:

Tairāwhiti Tangata, Tairāwhiti Taonga.

### Who benefits?

**Environmental Protection and Waste Management** : This activity comprises noise control, food and registered premises, gambling policy, liquor policy, housing, on-site wastewater (septic tanks), water supply monitoring, swimming pool monitoring, footpath occupation permits and surf lifesaving. The main beneficiaries are business owners, consent holders, occupiers and the residential community as a whole.

The Period of Benefit: Now and into the future.

### Exacerbators who create a need for this activity

- Noise Control - Noise makers. Service provided to City, Makaraka and Wainui.
- Food and Registered Premises - Business owners.
- Gambling Policy - Business owners.
- Liquor Policy - Business owners. Fees and charges set by statute.
- Housing - Property owners and landlords.
- On-site Wastewater (septic tanks) - Consent holders and community as a whole.
- Water Supply Monitoring - Council. Reticulated water provided to City, Te Karaka and Whatatutu residents.

- Swimming Pool Monitoring - Business and pool owners.
- Harbourmaster Functions - Port Eastland, recreational boaties and beach users.
- Footpath Occupation and Permits - Business owners.
- Surf Lifesaving - Swimmers.

### Separate funding

The distinct beneficiaries for each component of the activity support multiple funding streams. Given the size of the expenditure separate funding is considered important for transparency.

### Funding Stream(s)

FUNDING STREAM 12 - 031

**Gambling Policy, Housing, On-site wastewater (septic tanks), Swimming pool monitoring, Harbourmaster functions, Surf Lifesaving**

Fees and charges where recovery can be made. Balance by UAGC.

FUNDING STREAM 12 – 032

### Noise Control

Targeted Rate on DRA1, 1A and 2 residential ratepayers per SUIP.

FUNDING STREAM 12-033

### Food and Registered premises

Fees & Charges

Balance by UAGC.

FUNDING STREAM 12-034

### Water supply monitoring

100% Internal cost recovery from Water Supply Activity.

FUNDING STREAM 12- 035

### Liquor Policy, Footpath occupation permits

100% User fees and charges.

## ANIMAL CONTROL

The purpose of this activity is to minimise danger, distress and nuisance caused by stray dogs and to ensure the control of stock on the roads of the district in the interests of public safety.

### Key components of this activity comprise

- Dog Control
- Stock Control.



**Primary community outcomes:**

Tairāwhiti Tangata.

**Who benefits?**

**Dog Control:** The community benefits through reduced danger, reduced distress, reduced nuisance to the community generally, and education.

Dog owners benefit as work volume is directly proportional to the number of dog owners, although 60% of enquiries are from non-dog owners.

**Stock Control:** The community benefits through effective stock control. Private benefit occurs through permitted driving and partly through stock control.

The Period of Benefit: Now and into the future.

**Exacerbators who creates a need for this activity**

- **Dog Control:** Dog owners (both registered and unregistered).
- **Stock Control:** Farmers and owners of livestock.

**Separate funding**

The distinct beneficiaries for each component of the activity support multiple funding streams. Given the size of the expenditure, separate funding is considered important for transparency.

**Funding Stream(s)**

FUNDING STREAM FS12-041

**Dog Control**

80% dog licence fees when recoveries can be made.  
Up to 20% Targeted Rate fixed charge to residential ratepayers per SUIP in city and rural townships.

FUNDING STREAM FS12-042 – consolidated with Legacy Loans (District Loans)

**Stock Control**

50% Fees and Charges when recoveries can be made, and an NZTA subsidy.

50% Differentiated Targeted Rate of which:

- 70% from Outer Zone - based on Land Area
- 30% from Inner Zone - based on Capital Value and rural towns.

**RESOURCE CONSENTS**

The focus of this activity is to allocate the use of natural resources to consent holders and to protect the quality of the district's natural and physical environment, now and into the future. This requires a sound regulatory

framework established and implemented under the provisions of the RMA.

**Key components of this activity comprise**

- Resource Consent Compliance Monitoring and RMA Enforcement
- Provision of a planning information service to the public
- Plan Administration – Land Use and Subdivision Resource consent processing
- Plan implementation, monitoring and enforcement.

**Primary Community outcomes:**

Tairāwhiti Taonga, Tairāwhiti Tangata.

**Who benefits?****Resource Consent Compliance Monitoring and RMA Enforcement:**

The consent holder and the community benefit. Benefits will also arise to wider community, sometimes on a localised basis, through ensuring compliance. The community benefits by preventing inappropriate development and the potential for adverse environmental effects.

**Provision of a planning information service to the public:**

The provision of this customer service is for the benefit of the particular customer who is requesting the planning assistance.

**Plan Administration - Land Use and Subdivision Resource Consent processing:**

The resource consent holders benefit by obtaining approval for the use of resources needed for their proposed activity/development which may be for economic or other reasons. The community benefit by ensuring that activities and development are appropriately located and, where necessary, measures are imposed to avoid adverse effects on the environment.

**Plan implementation, monitoring and enforcement :** The community benefit by preventing inappropriate development and the potential for adverse environmental effects.

The Period of Benefit : Now and into the future.

**Exacerbators who create a need for this activity****Resource Consent Compliance Monitoring and RMA Enforcement :**

The applicant and any subsequent consent holders create the need for this activity. Those in breach of district plan rules.

**Provision of a planning information service to the public:**

The customer requesting the planning advice. Requests for planning advice can come from throughout the district particularly in respect of subdivision which could be for rural or residential properties.

**Plan Administration – Land Use and Subdivision Resource**

**Consent processing:** Those who contribute to the need for this activity include those who apply for, or who have been granted, resource consents and also those who may be adversely affected by inappropriate development.

**Plan implementation, monitoring and enforcement:** Anyone who contravenes the Plan rules.

**Separate Funding**

The distinct beneficiaries for each component of the activity support multiple funding streams. Given the size of the expenditure separate funding is considered important for transparency.

**Funding stream(s)**

FUNDING STREAM FS12-043

25% to 50% Fees and Charges

50% to 75% Undifferentiated Targeted Rate based on Land Value.

## 2.4 Governance and Support Services

### GOVERNANCE

This activity provides for the representation of the community for open, democratically accountable decision-making and actions that promote its wellbeing. It also provides for the stewardship of the assets of the corporation and implements the laws that allocate physical and natural resources and resolves the issues that arise in communities.

**Key components of this activity comprise**

- Representation and democratic process
- Provision of triennially elected Council and Mayor
- Cost of Council and Councillors
- Servicing of Council, its committees and the governance function
- Scholarships, awards, grants, VIP presentations. Civic functions, Naval visits, Anzac Day, Citizenship ceremonies
- Sister Cities events
- Membership of Local Government
- Māori Liaison and consultation specific to Treaty and RMA issues.

**Primary Community outcome:**

Governance contributes to all Council community outcomes.

**Who benefits?**

The community as a whole benefits from this activity.

The Period of Benefit : Now and into the future.

**Exacerbators who create a need for this activity**

Contributors or exacerbators create a significant demand for this activity. They are indistinguishable from (one and the same as) beneficiaries.

**Separate Funding**

The scale of costs and wide-spread nature of the benefits of the Governance function suggest that separate funding is needed but the components of it are relatively minor and the benefits sufficiently well aligned not to need differential treatment.

**Funding Stream(s)**

FUNDING STREAM 12-045

100% Rates funding. Uniform Annual General Charge (UAGC).

## SUPPORT SERVICES

These services are provided to support the Council in the effective and efficient running of the organisation.

### Key components of this activity comprise

- Finance and Treasury Operations
- Secretarial Services
- Information Services
- Communications
- Plant and Vehicles
- Legal Services
- Human Resources
- Customer Services
- Managerial Services.

### Primary Community outcomes:

Support Services support all Council community outcomes.

### Who benefits?

The district as a whole benefits from the core support services provided to other Council activities. That benefit is proportional to the support services provided to Council's separate activities.

The Period of Benefit : Now and into the future.

### Separate Funding

The distinct beneficiaries for each component of the activity support multiple funding streams. Given the size of the expenditure separate funding is considered important for transparency. Most of the costs of these services are recovered through internal charges.

### Funding stream(s)

Most activities within support services with the exception of Treasury along with civic/corporate expenses are funded through internal charges.

FUNDING STREAM FS12-046

### Treasury Services

The residual treasury costs are funded by 100% Undifferentiated General Rate based on Capital Value.

FUNDING STREAM FS12-047

### Consolidation Loan (Holding Company Loan)

100% Undifferentiated General Rate based on Capital Value.

FUNDING STREAM FS12-048

### Legacy Loans (District Loans)

Loans previously raised by the former local authorities for the construction of capital works.

100% Targeted Rate (excluding rural towns) outer zone 70% on Land Area and inner zone and rural towns 30% on Capital Value.

FUNDING STREAM FS12-049

### Civic and Corporate Expenses of the district (not recovered through overhead allocations)

100% UAGC.

## EMERGENCY MANAGEMENT (CDEM)

This activity increases community awareness, understanding, preparedness and participation in CDEM, reduces the risks from hazards to the district and enhance the district's capability to manage and recover from emergencies.

It also safeguards life, property and the environment by prevention, detection, control, restriction, suppression and extinguishing of fires in forest and rural areas within the Gisborne District Council Rural Fire Authority boundaries.

### Key components of this activity comprise

- Civil Defence
- Rural Fires Preparedness
- Rural Fires Suppression.

### Primary Community outcomes:

Tairāwhiti Tangata, Tairāwhiti Taonga.

### Who benefits?

**Civil Defence:** District-wide resilience is entirely a community benefit. People/communities benefit differently across reduction and readiness but ultimately the benefit equalises across response and recovery. In the last revision of the CDEM Act property was added as a requirement for CDEM to protect. It is difficult to separate the two as property protection will also benefit people.

**Rural Fires Preparedness:** The benefit is primarily rural but there are co-benefits for urban communities in protecting the rural productivity. Both sectors benefit by having a free permit system. Residents or owners who have assets that they want protected from fire also benefit.

**Rural Fires Suppression:** The community benefits from the ability to protect natural heritage sites, although individuals are the major beneficiary. A good percentage of fires are caused by unintentional actions albeit through negligence or carelessness. The Tiniroto and Hicks Bay Rural Fire teams provide a free motor vehicle accident service in their respective areas.

The Period of Benefit: Now and into the future.

### Exacerbators who create a need for this activity

**Civil Defence:** Everyone living in a hazardous environment creates a need. Land developers build a 'new' need by using land that is subject to increasing risk.

**Rural Fires Preparedness:** The forestry sector builds a need by creating huge areas of fuel. Eroding land builds a need by planting huge areas of fuel. Human activities, both in rural and urban areas create waste/fuel that needs to be burnt, e.g tree trimming.

**Rural Fires Suppression:** Some activities e.g power lines, create ignition sources. Nature can provide its own ignition source. People who do not comply with regulations are contributors to ignition also.

### Separate Funding

The distinct beneficiaries for each component of the activity support multiple funding streams. Given the size of the expenditure separate funding is considered important for transparency.

### Funding stream(s)

#### FUNDING STREAM FS12-038

#### **Civil Defence**

100% UAGC.

#### FUNDING STREAM FS12-039

#### **Rural Fires Preparedness**

100% Differentiated Targeted Rate based on Land Value, weighted: 10% DRA1 & DRA1A, 20% DRA2, 70% Outer Zone.

#### FUNDING STREAM FS12-040

#### **Rural Fires Suppression**

30% Fees and Charges

70% Differentiated Targeted Rate based on Land Value, weighted: 10% DRA1 & DRA1A, 20% DRA2, 70% Outer Zone.

## 2.5 Infrastructure Services

### LAND TRANSPORT (TAIRĀWHITI ROADS)

The provision of an integrated, safe, responsive and sustainable land transport system is a fundamental requirement for every district or city within New Zealand. Pursuant to the provisions of Part 20 of the Local Government Act 1974 all local roads within the district are under the control of Gisborne District Council, to:

- enforce the Gisborne District Council Traffic and Parking Bylaw 2008.
- ensure that people and goods can move safely and efficiently around the district by a variety of means.
- comply with Land Transport Amendment Act 2008 and Ministry of Transport Safer Journeys Strategy and Government Policy Statement for Land Transport.
- comply with International Accounting Standards in regard to depreciation of roading assets.

The provision of land transport services is considered to be a core function of local government and is something that the Council has historically provided to the community.

**Tairāwhiti Roads** - Council has created a joint venture with NZTA to share costs and create efficiencies.

### Key Components of the Activity

**Non-subsidised Local Roading:** To maintain footpaths and carry out minor roading works that are not subsidised by the NZ Transport Agency (NZTA).

**Passenger Transport:** To provide contracted passenger services where there is not a commercial passenger service available as and where necessary.

**Subsidised Local Roads:** Provision of local components of Land Transport network.

**Roading Flood Damage and Emergency Reinstatement:** To reinstate the roading network after adverse events.

### Who benefits?

**Non Subsidised Local Roading:** Residential streets, suburban shopping areas and rural townships.

### Passenger Transport:

- The Gisborne Regional Public Transport Plan specifies target groups of beneficiaries.
- Those less mobile members of our community, Total Mobility and Super Gold cardholders. Those users without access to motor vehicles. School students

who don't comply with Ministry of Education passenger transport criteria.

- Service provision is strictly within the realms of Gisborne city. Future service provision or other areas based on users.

**Subsidised Local Roads:** The whole community benefits. Roads are provided as a public good. Individuals and business benefit directly from access to property and facilities.

Roads are necessary to deliver export products to markets, within Gisborne, New Zealand and world markets. Gisborne District's economic prosperity is dependent on production from its rural catchments and the Poverty Bay Flats. Roads provide corridors for other utility providers such as power, communications, water and wastewater.

**Flood damage and Emergency Reinstatement:** The whole community benefits. Roads are provided as a public good. Individuals and business benefit directly from access to property and facilities.

The Period of Benefit: Over the life of the land transport system.

#### Primary Community Outcome:

Tairāwhiti Tangata.

#### Exacerbators who create a need for this activity

##### **Parking Control/Enforcement**

- Individual road users and CBD businesses.

##### **Non Subsidised Local Roading**

Community drivers are:

- More mobile aging population with increased use of mobility scooters.
- Suburban shopping areas/rural townships have concentrated pedestrian use. Maintain for safety reasons and aesthetics.
- Community benefits - people use footpaths to access reserves, and general fitness.
- Postal service for delivering mail.
- Footpaths connect residents to local suburban shopping areas and reserves.

##### **Passenger Transport**

- Super Gold Card Scheme - an increasing aging population and free travel incentive for users is driving levels of service like low floored buses.
- Citizens without ready access to a motor vehicle.

##### **Subsidised Local Roads**

- Central government's focus and funding is directed towards infrastructure investment and this can reduce asset lives in the roading asset.
- New legislation like Vehicle Dimension and Mass Amendment 2010 – allows heavier trucks on the network.
- Tairāwhiti Regional Development – Regional Development, Forestry.
- Major forestry companies – wanting the ability to travel 24/7 on local roads especially during winter periods. Historically local authorities would close roads during the winter periods to lower costs. Unfortunately local transporters and forestry contractors need to supply export markets on a continual basis.
- Road Transport Industry – the ability to travel on the roads 24/7 to service customer needs. Forestry is more dependent on heavy vehicles use than other industries.
- Gisborne Port – delays offloading materials and long term storage issues. This is causing operational issues to heavy haulage industry. To make up for lost time operators are wanting 24/7 access to Council roads.

**Flood Damage and Emergency Reinstatement:** After a high rainfall or flood event the majority of needs are required in our rural networks. Specifically in the outer zone.

##### **Separate Funding**

Roading activity is a core service of Council. The distinct beneficiaries for each component of the activity support multiple funding streams. Given the size of the expenditure, separate funding is considered important for transparency.

##### **Funding Stream(s)**

FUNDING STREAM FS12-051 – consolidated with Building Services FS 12-030

##### **Non-Subsidised local roading**

100% Targeted Rate on Capital Value as follows:

- Inner zone 85%
- Outer zone 15%

FUNDING STREAM FS12-052

##### **Passenger Transport**

NZTA subsidy of 50% or more.



Up to 50% Targeted Rate to City Residential areas (DRA1) as a uniform amount per separately rateable property.

**Note:** Council receives funding from the Ministry of Transport for Super Gold Card users.

FUNDING STREAM FS12-053 - consolidated with FS12-054 Flood Damage & Emergency Reinstatement

### Subsidised Local Roads

58% funded through NZTA subsidy income

42% rates funded as follows:

- 10% as a UAGC for access to individual properties
- 32% Differential Targeted Rate on Capital Value weighted according to land use.

Current (2015/16) differentials are as follows:

- Residential, Lifestyle and other 1.0
- Horticultural and Pastoral 1.5
- Industrial and Commercial 2.0
- Forestry 5.0.

Under this policy Council may review the differentials at any time to ensure they continue to reflect the impacts on roading costs of each of the contributing sectors of the local economy.

FUNDING STREAM FS12-054

### Flood Damage and Emergency Reinstatement

75% Funding through NZTA grant income

25% Differential Targeted Rates weighted according to land use.

- Residential, Lifestyle and other 1.0
- Horticulture and pastoral 1.5
- Industrial and Commercial 2.0
- Forestry 5.0

## WATER SUPPLY

This activity provides a continuous, sustainable, safe water supply and provides assured availability of water for fire-fighting purposes to the Gisborne city supply area and the townships of Te Karaka and Whatatutu.

### Key components of this activity comprise

- Providing potable water for domestic, commercial and industrial purposes.
- Providing water to provide fire protection.
- Providing water to public service providers and community facilities such as schools, hospitals, sporting facilities and grounds etc.

### Primary Community Outcomes:

Tairāwhiti Tangata, Tairāwhiti Taonga.

### Who benefits?

The communities that are reticulated with a public water supply are the beneficiaries.

The entire community benefits through reducing health risks and having protection in the case of fire. In particular providing this protection to maintain access to public services such as hospitals, schools, police, ambulance etc. This is not considered sufficiently material to warrant a General Rates component in the funding.

All property owners/residents/tourists benefit from receiving water and protection from any fire risk.

The Period of Benefit: Now and into the future.

### Exacerbators who create a need for this activity

There are five identifiable groups that create the need.

- The existing wider community and also identifiable parts of the community.
- Existing property owners/residents including commercial and industrial businesses within the reticulated areas.
- Developers - new subdivisions and developments (growth) within the reticulated areas.
- The Fire Service - compliance with Fire Fighting (Code of Practice is mandatory)
- MOH through the Drinking Water Standards - Compliance with the Health (Drinking Water) Amendment Act is mandatory.

### Separate Funding

The water activity is a core service that Council provides which has significant costs associated with it. It is also one of the five core activities that have to have separate activity management plans according to the LGA. Therefore to be transparent a separate funding stream is thought appropriate.

### Funding Stream(s)

FUNDING STREAM FS12-055

1% User Fees and charges

99% Targeted Rates, to people connected to the reticulation system. (To those who have availability but are not connected a reduced charge of 50%.)

Commercial users and bulk users have a combination of Targeted Rate and Volume Water Charges. Council charges a water-by-meter charge to commercial and extraordinary water users and this income is a rate under the Local Government Rating Act 2002. A domestic

allowance of 300 cubic metres per year is allowed for extraordinary water users with a metered water supply.

Water carriers are charged an access/administration fee and a volume charge.

## WASTEWATER

This activity comprises the collection and transportation of wastewater from its sources (factories and residences) to its point of treatment. Treatment and disposal of sewage for commercial and domestic users.

### Primary Community Outcome:

Tairāwhiti Taonga.

### Who benefits?

Public health of the community, convenience of individual property owners and the users of coastal waters.

### The Period of Benefit:

Now and into the future.

### Exacerbators who create a need for this activity

- The wider community.
- Those properties/residents connected.
- Industries and commercial businesses including Cedenco, Indevin, Leaderbrand, Gisvin, Ovation NZ Ltd, restaurants and fast food outlets.
- The existing property owners/residents including commercial business and industries within the reticulated areas.
- Developers - new subdivisions and developments (growth) within the reticulated area generally create a need for increased wastewater disposal. This needs to be catered for.
- Iwi - although it is part of the RMA and LGA process iwi issues that must be resolved are important. Therefore they are specifically identified as creating the need.
- Environmental interest groups.

### Separate Funding

The wastewater activity is a core service that Council provides which has significant costs associated with it.

It is also one of the five core activities that have to have separate activity management plans according to the LGA.

Therefore a separate funding stream is appropriate.

### Funding Stream(s)

#### FUNDING STREAM FS12-056

99% Targeted Rates, to properties connected to the reticulation system, (to those who have availability but are not connected a reduced charge of 50%) by way of a fixed charge, partly per property, and partly per pan.

1% Fees and Charges - where practical, fees and charges will occur e.g. trade waste (volumetric charge), charges for the disposal of septic waste into the city sewer system, or disposal of septic waste or effluent into rural facilities.

**School Pan Charges :** School pan charges are based on staff and student numbers rather than number of connections. The Department of Education provides these numbers to Council on a regular basis.

Where a school meets the definition of an "Educational Establishment", Council's standard wastewater pan charge (based on the number of water closets/urinals) will be calculated as 1 toilet pan for every 20 students and staff or part thereof.

## STORMWATER

This activity protects people, dwellings, private property and public areas from flooding by removing stormwater. To discharge stormwater and collect contaminants in a manner that protects the environment and public health (Excluding all land drainage beyond the city and township boundaries and river protection work).

### Key components of this activity comprise

- Stormwater and Drainage Courses – open drains
- Stormwater reticulation.

### Primary Community Outcomes:

Tairāwhiti Tangata, Tairāwhiti Taonga.

### Who benefits?

There is a mix of community public good and identifiable parts of the community benefiting. The wider community benefits from having public roads, open spaces, public services such as hospitals, schools, police, fire department etc. accessible and available through being protected from flooding. The wider community also benefits by protecting the environment from contaminants entering the waterways, including rivers and beaches.

All property owners and residents within the Gisborne city and rural township boundaries benefit from having their properties including commercial businesses, industries protected from flooding. They also benefit from the prevention of possible poor public health due to contaminated waterways in urban areas.

The Period of Benefit: Now and into the future.

**Exacerbators who create a need for this activity**

There are four identifiable groups that create the need:

- The existing road infrastructure, public buildings and spaces such as schools, hospitals, emergency services, parks, sporting grounds etc.
- The existing property owners including commercial business and industries within the Gisborne city and rural township boundaries.
- Developers – new subdivisions and developments generally create extra stormwater runoff that needs to be catered for.
- Property owners that increase runoff by increasing the size of their roof areas and/or impermeable surfaces.

**Separate Funding**

Given the size of the expenditure separate funding for this activity is considered important for transparency.

**Funding Stream(s)**FUNDING STREAM FS12-057

20% Undifferentiated General Rate on Capital Value.

68% Differential Targeted Rate per rating unit on residential properties in the defined area of benefit being primarily DRA1, Wainui, Okitu and rural townships including Patutahi and Manutuke.

12% Targeted Rate based on Capital Value on all industrial and commercial land use classifications in the defined area of benefit being primarily DRA1, Wainui and Okitu.

**FLOOD PROTECTION**

The purpose of this activity is to protect people and properties (including productive land and infrastructure) from flooding and possible damage caused by coastal erosion. This excludes stormwater infrastructure within Gisborne city and township boundaries, as well as State Highway and private drains.

**Key components of this activity comprise**

**Rivers Asset Management:** To provide activity management including processing consents, providing information and flood warning notice (this includes the maintenance and management of the telemetry infrastructure). It also includes advocating on behalf of flood control, erosion protection, land drainage and foredune protection to stakeholders.

**Flood Control (Waipaoa, Te Karaka, Ruatoria):** To provide flood protection to Poverty Bay Flats, Gisborne city, and Te Karaka and other catchment areas subject to review.

**Land Drainage:** Provision of drainage for rural land improvements in designated areas. There are two identified groups: Beneficiaries (Taruheru classes A-G, Ormond, Eastern Taruheru, Western Taruheru, Willows, Waikanae Creek, City, Waipaoa, Patutahi, Ngatatpa, Manutuke, Muriwai) pay 97.7% of the activity based on the targeted area. Contributors (Eastern Hill catchment and Western Hill catchment) pay 2.3% of the activity based on targeted area.

**Wainui Foredune Protection:** To provide coastal erosion protection to the residents of Wainui and the wider community.

**River channel maintenance and infrastructure works:** To provide essential river channel maintenance and infrastructure works for identified rivers to protect land, properties and roads from erosion. The rivers with essential channel maintenance and infrastructure works include but are not limited to - Motu, Matawai Stream, Waikura-Pehiri, Waikohu, Mangahehi, Waihora, Waiomoko, Hikuwai, Waimata.

**Primary Community Outcomes:**

Tairāwhiti Taonga, Tairāwhiti Tangata.

**Who benefits?**

**Rivers Asset Management:** There is a mix of community public good and identifiable parts of the community benefiting.

- Wider Community
  - The wider community benefits through processing of consents, advocacy for the activity and providing them with information about flooding areas and erosion protection.
  - Flood warnings are available for the wider community
- Identifiable parts of the community:
  - Those specific people who receive flood warnings for properties and land.
  - People requesting resource consents and information.
  - Those on the Poverty Bay flats benefit more than others from the management/administration of the activity because there is a flood protection scheme on the Poverty Bay flats.

**Flood Control (Waipaoa, Te Karaka, Ruatoria):** Economic benefit to the wider community especially employment and cropping opportunity. Individual beneficiaries - protection of private property.

**Land Drainage:** The community as a whole does not receive any specific benefits. Individuals receive the entire benefit.

**Wainui Foredune Protection:** Individual residents who have properties on the Wainui shore and the wider community who utilise this stretch of beach.

**Coastal Protection Schemes:** Individual residents who have properties on the shore.

#### **River channel maintenance and infrastructure works**

There is a mix of community, public and identifiable parts of the community benefiting.

- Wider Community - The wider community benefits through continuity of access along some roadways in identified essential channel works areas.
- Identifiable parts of the community:
  - All properties and businesses including residents and owners within the area of the essential channel maintenance works benefit due to reducing any erosion issues.
  - The road infrastructure within the area of the essential channel maintenance works benefit due to reducing any erosion issues.

The Period of Benefit: Now and into the future.

#### **Exacerbators who create a need for this activity**

##### **Rivers Asset Management**

- People, businesses, entities including roading and utility providers requiring consents, and LIMs etc.
- People requiring information for land drainage schemes, flood protection, foredune protection and river channel maintenance including any new or improvements to existing schemes.
- Everyone who requires flood warnings.

**Flood Control (Waipaoa, Te Karaka, Ruatoria):** Individuals, communities and businesses operating within the flood plain.

**Land Drainage:** Individuals, communities and businesses operating within the affected area.

**Wainui Foredune Protection:** Individual residents who have properties on the Wainui shore.

**Coastal Protection Schemes:** Individual residents who have properties on the shore.

#### **River channel maintenance and infrastructure works**

- Land and property within the essential channel maintenance areas especially those who change land use to be more impermeable.
- Roading networks, including any extensions or widening, that drain to the areas of essential channel maintenance.
- Upland catchments that drain into the rivers that have essential channel maintenance further downstream. This may include farmland, forestry, DoC land and other streams/ rivers, especially those that change land use to become more impermeable.
- Stormwater schemes that drain into the essential channel maintenance areas.
- Development within any of these essential channel maintenance areas that changes the impermeable surfaces.

#### **Separate Funding**

The distinct beneficiaries for each component of the activity support multiple funding streams. Given the size of the expenditure separate, funding is considered important for transparency.

#### **Funding Stream(s)**

##### FUNDING STREAM FS12 – 058

##### **Rivers Asset Management**

1% Fees and Charges through private contributions where identifiable

99% Undifferentiated General Rate on Capital Value

##### FUNDING STREAM FS12 – 059A

##### **Flood Control (Te Karaka)**

95% Rates funded through Targeted Rate on Capital Value to direct beneficiaries within the flood scheme area.

5% Undifferentiated General Rate based on Capital Value.

##### **Flood Control (Waipaoa)**

60% rates funded by Undifferentiated General Rate based on Capital Value.

40% rates funded through Targeted Rate on Capital Value to direct beneficiaries within the flood scheme area.

##### FUNDING STREAM FS12 – 059B

##### **Waiapu River Erosion Protection (Ruatoria)**

60% Undifferentiated General Rate based on Capital Value.

Remaining 40% split:

- 27% Targeted Rate on Capital Value on direct beneficiaries.
- 6.5% Targeted Rate on Capital Value on indirect beneficiaries.
- 6.5% Targeted Rate on Land Areas on contributors.

## FUNDING STREAM FS12-060

### **Land Drainage**

100% Targeted Rate on Land Area to properties in the area of benefit.

## FUNDING STREAM FS12- 061

### **Specific Capital Works**

- Wainui Foredune Protection 2007

100% Targeted Rates based on Land Area to properties in the defined targeted rating area.

## FUNDING STREAM FS12- 062

### **Coastal Property Protection Schemes - General maintenance and future capital works**

100% targeted rates on capital or Land Value. Each properties' share of the total rate is determined by the dwelling's location within one of three geographical bands (A, B or C). Where more than one band applies a property will be placed in the highest applicable band (A-C).

- Band A at 80% of the Capital Value of the property where more than 25% of the dwelling is in the high/extreme zones.
- Band B at 20% of the Capital Value of the property where more than 25% of the dwelling sits in the moderate zone.
- Band C at 20% of the proportionate Land Value of the land in the hazard zones where there is no more than 25% of the dwelling in, or the dwelling is located outside of the extreme, high or moderate hazard zones.

## FUNDING STREAM FS12-063

### **River Channel Maintenance and Infrastructure Works**

100% Undifferentiated General Rate based on Capital Value.

## **SOLID WASTE**

This activity provides for the collection, management and minimisation of solid waste across the district. The Solid Waste activity is a fundamental requirement for every district or city within New Zealand pursuant to the

provisions of the Local Government Act 2002 and the Public Health Act 1956.

### **Key components of this activity comprise**

**Cleaning of defined public places:** This includes rural townships, Gisborne city CBD and suburban shopping areas. Other areas include litter bins, street cleaning and illegal dumping.

**Domestic solid waste collections:** The weekly collection of rubbish bags and recycling containers from individual houses. The Council currently has two kerbside contracts which include Gisborne City and Ruatoria.

**Operation of rural transfer stations:** The operation of rural transfer stations in the district. This includes cartage to Waiapu landfill or Gisborne city.

**Operation of the Waiapu landfill:** Receives solid waste from the East Coast transfer stations. It also provides an emergency waste disposal facility should the city be unable to transport its waste for disposal outside the district.

### **Primary Community Outcomes:**

Tairāwhiti Tangata, Tairāwhiti Taonga.

### **Who benefits?**

**Cleaning of defined public places:** The whole community benefits from a cleaner environment.

**Domestic solid waste collections:** Individual households who receive the service benefit. The whole community benefits with the protection of public health. There is a mix of community public good and identifiable parts of the community benefiting through reducing health risks.

**Operation of rural transfer stations:** The whole community benefits from a cleaner environment. The local townships are major beneficiaries as their solid waste makes up the major proportion of the waste going to these transfer stations.

**Operation of the Waiapu landfill:** The whole community benefits from a clean environment. The district benefits by not receiving solid waste from the East Coast and therefore not having to pay additional out of district cartage fees and landfill charges. The East Coast townships are major beneficiaries as their solid waste makes up the major proportion of the waste being landfilled. The district benefits in the event of a civil defence emergency with a consented landfill in the region if road access to State Highway 2 to Napier and/or Opotiki is cut off.

The Period of Benefit: Now and into the future.



**Exacerbators who create a need for this activity****Cleaning of defined public places**

- Rural townships, suburban shopping centres and Gisborne city CBD which receive the service.
- Wider community at large by requiring a clean environment.

**Domestic Solid Waste collections:**

- Households who receive the service.
- Wider community at large by wanting a clean environment.

**Operation of rural transfer stations:**

- Rural residents and commercial businesses that have a transfer station in their township or have reasonable access to one.
- The rural communities that have reasonable access to the transfer stations.
- Waste occurs on a district wide basis hence disposal is provided on a district wide basis i.e tourists.

**Operation of the Waiapu landfill:**

- The rural townships on the East Coast.
- The rural community in general that reside in DRA5.
- The wider community by not having to transfer solid waste from these areas to Gisborne and then out of the district.

**Separate Funding**

The distinct beneficiaries for each component of the activity support multiple funding streams. Given the size of the expenditure separate funding is considered important for transparency.

**Funding Stream(s)**

FUNDING STREAM FS12-064

**Cleaning of defined public places**

100% UAGC

FUNDING STREAM FS12-065

**Domestic solid waste collections**

100% Uniform Targeted Rate over the area served charged for each SUIP.

FUNDING STREAM FS12-066

**Operation of rural transfer stations**

30% Targeted Rate on properties with a dwelling, commercial or industrial building within approximately a 15km radius of rural transfer stations/landfills as uniform charge per separately used or inhabited part.

22% User pays through transfer station/landfill user fees and charges.

48% UAGC.

FUNDING STREAM FS12-067

**Operation of the Waiapu landfill**

35% Recovery through internal charges to the transfer stations that dispose of waste to the Waiapu landfill.

5% User fees and charges for commercial or other waste, delivered direct to the landfill.

60% UAGC.

FUNDING STREAM FS12-068

**Solid waste legacy debt and after-care provisions**

100% Undifferentiated General Rate based on Capital Value, for the term of the legacy debt loan and interest.

Adjustments (if any) to the Paokahu Landfill after-care provisions 100% Undifferentiated General Rate based on Capital Value.

## PART 3 - General Policies and Guidance

These policies apply when no specific provision exists within this policy, if a new component of an activity occurs, or if an activity is undertaken in a new location. The new costs will be funded in a similar and consistent way to existing activity.

### 3.1 Depreciation

The funding of depreciation provides the cash income to support Council's capital renewals programme. Depreciation is calculated separately for each class of asset. The full cost of depreciation is not always funded. This occurs where:

- Council has a reasonable expectation that the replacement asset will be partly funded by grants, subsidies or other third party income.
- Where Council has determined not to replace the asset at the end of its life.

#### Who benefits?

The beneficiaries of the related activity benefit through the provision of inter-generational equity. Those ratepayers using the asset contribute to its loss of service potential (wearing out).

The Period of Benefit: Ongoing but not less than the economic life of the asset.

#### Separate Funding

Council assets are valued at \$1.9B (2013/14). Depreciation on this asset base is funded by the activity using the particular assets.

#### Funding Stream(s)

FUNDING STREAM FS12-069

Depreciation is funded using the same funding mechanism as the related activity.

Funded depreciation may be used for principal repayments on internal capital loans.

Depreciation may not be funded in the following circumstances:

- For assets that Council has determined will not be replaced at the end of their lives.
- For vested assets during their first life cycle.
- For the portion of roading asset renewals expected to be funded through NZTA.
- For the portion of a community asset where the replacement is expected to be funded through external grants, subsidies or donations.
- For the portion of other assets funded in advance by capital rates or similar.

## 3.2 General Capital Expenditure

**Key components of this activity comprise:**

- Renewals capital
- New capital works.

#### Who benefits?

Groups within the district benefit to a greater or lesser degree depending on the renewal item.

The Period of Benefit: Ongoing but not less than the economic life of the asset.

#### Separate Funding

Funding is normally through the related activity. This is a general funding provision covering all Council activities.

#### Funding Stream(s)

FUNDING STREAM FS12-070

#### Renewals Capital

100% funding from (in preference order):

- Grants and/or subsidies
- Donations
- Relevant depreciation reserves
- Other operational or capital reserves
- Internal loans
- Lump sum contributions
- Proceeds from asset sales.

Loan interest payments will be treated as an operational cost.

Principal repayments may be funded from the relevant depreciation reserve and/or treated as an operational cost.

FUNDING STREAM FS12-071

#### New Capital Works

Funding may be from several diverse sources, which will depend on the amount of public/private good, the degree to which the service is a core Council service versus a discretionary activity and so on. Each capital project will be considered on its merits and the source of funding may be one or more of the following:

- Directly paid for by a General or Targeted Rate
- An appropriate financial reserve
- Internal loan
- Grants or subsidies
- Donations
- Development contributions
- Financial contributions
- Lump sum contributions
- Interest and dividends from investments
- Proceeds from asset sales

- Any other source considered appropriate by Council.

Loan interest payments will be treated as an operational cost.

Principal repayments may be funded from the relevant depreciation reserve and/or treated as an operational cost.

#### FUNDING STREAM FS12-072

New Capital Works - Investigation and Feasibility studies where these costs cannot be capitalised.

Operational funding for feasibility studies, investigation costs and evaluating alternatives for new capital works is generally treated as a district-wide expense. Each capital project will be considered on its merits. These costs may be recovered by an Undifferentiated General Rate on Capital Value.

### 3.3 Fees and Charges

Fees and charges are used for activities where there is a private benefit to an individual, if it is possible to efficiently impose a charge. Charges are calculated on the basis of either recovering the full cost of the service, the marginal cost added by the users, or at a rate the market will pay. Some fees and charges are set by statute. Most fees and charges are set annually by Council but Council may at any time review and reset its non-rates charges.

#### **Who benefits?**

Individuals and businesses derive private benefits.

The Period of Benefit: Ongoing.

#### **Funding Stream(s)**

#### FUNDING STREAM FS12-073

Council may review fees and charges at any time.

At any time Council may introduce fees and charges for new services/activities not specifically excluded in the Long Term Plan.

Council business units will set their fees and charges from time to time in accordance with general business practice.

Council may adjust fees and charges to reflect changes in Government imposed taxes (eg. GST).

### 3.4 Credit Policy

Credit is advanced as part of normal Council activities and it is covered by Council's formal credit policies which are reviewed and updated from time to time.

#### **Who benefits?**

There is a private benefit in that the granting of credit will result in payment being delayed and may assist with administrative efficiency.

The provision of credit is a normal business practice for Council's business units.

The Period of Benefit: Ongoing during the period of the credit arrangement.

#### **Funding Stream(s)**

#### FUNDING STREAM FS12-074

Wherever practical Council will collect its fees and charges in advance of the goods or services being provided.

Where credit is extended it will be on normal commercial terms. Council may require a guarantee or other suitable security prior to advancing credit.

Where credit is advanced Council will require the applicant to agree that in the event of a default they will reimburse all Council collection and related costs.

### 3.5 Sale of Investments and Other Assets

Council maintains assets and investments to support its other activities and to provide a non-rates income stream to Council. Council will determine at the time of disposal the appropriate use of the proceeds. In the absence of a specific direction from Council these general principles will apply.

#### **Key components of this activity comprise**

**Assets and Investments sold in the normal course of business:** These include plant and equipment and short term treasury investments.

**Assets held for resale:** Council holds industrial land specifically for the purpose of resale.

**Surplus assets:** From time to time Council determines particular assets or investments to be surplus to its requirements.

#### **Funding Stream(s)**

#### FUNDING STREAM FS12-075

#### **General**

Proceeds from asset sales may be used to fund capital works or to repay debt.

The sale of assets from one class, e.g. community property, will be utilised to purchase alternative assets within the same class.

Proceeds from asset sales will not normally be used to fund operating costs unless specified in the Long Term Plan or Annual Plan budgeting process.

**Normal day to day acquisition and disposal of assets and investments.**

The gain or loss on sale for assets sold in the normal course of business become income or expense in the related activity.

**Assets held for resale:** Profits from the sale of these assets is returned to Council by way of an internal dividend to the Treasury activity. This dividend reduces debt.

**Surplus assets:** At time of disposal Council determines the most appropriate use of the sale proceeds. In the absence of a specific direction from Council the proceeds are used to reduce debt.

## PART 4 Definitions – Rates

### Educational Establishment

“**educational establishment** means a school –

- a. established as a special school under section 98(1) of the Education Act 1964; or
- b. defined as –
  - i. a state school under section 2(1) of the Education Act 1989; or
  - ii. an integrated school under section 2(1) of the Private Schools Conditional Integration Act 1975; or
  - iii. a special institution under section 92(1) of the Education Act 1989; or
  - iv. an early childhood education and care centre under section 310 of the Education Act 1989, but excluding any early childhood centre operated for profit.”

### Rural Towns

Rural towns and townships as noted in the District Plan include the following settlements:

Hexton	Ormond	Waerenga-o-Kuri
Hicks Bay	Patutahi	Waihirere
Makaraka	Rangitukia	Wainui/Okitu <sup>(1)</sup>
Makauri	Ruatoria	Waipiro Bay
Makorori	Te Araroa	Waituhi
Manutuke	Te Puia	Whangara
Matawai	Tikitiki	Whatatutu
Motu	Tiniroto	Muriwai
Tokomaru Bay	Onepoto Bay	Tolaga Bay

1. Include in DRA1 (City)

### General Rates

Rates directly related to the value of the property, charged on capital value.

### Targeted Rates

Rates which apply in certain areas or to certain ratepayers.

### Uniform Annual General Charge (UAGC)

A fixed amount charged to each separately used and inhabited part of a rating unit.

### Separately Used or Inhabited Part of a rating unit (SUIP) is defined as:

Any portion of a rating unit used for a different purpose or inhabited by any person, other than the ratepayer or member of the ratepayers household, having a right to use or inhabit that portion by virtue of a tenancy, lease, license or other agreement.

## Interpretation Rules

- a. Each separate shop or business activity on a rating unit is a separate use, for which a separate UAGC is payable. (See Guidance Note 1.)
- b. Each dwelling, flat, or additional rentable unit (attached or not attached) on a residential property which is let (or capable of being let) for a substantial part of the year to persons other than immediate family members is a separately inhabited part of a property, and separate UAGCs are payable. (See Guidance Note 2.)
- c. Each residential rating unit which has, in addition to a family dwelling unit, one or more non residential uses (ie home occupation units) will be charged an extra UAGC for each additional use. (See Guidance Note 3.)
- d. Each non-residential activity which has, in addition to its business or commercial function, co-sited residential units which are not a prerequisite part of the business or commercial function, will pay additional UAGCs for each residential unit. (See Guidance Note 4.)
- e. Individually tenanted flats, including retirement units, apartments and town houses (attached or not attached) or multiple dwellings on Māori freehold land are separately inhabited parts, and will each pay a separate UAGC. (See Note 5.)
- f. Each title on a multiple-managed forestry holding (that is, where the forest is broken into several individual small titles) is a separately used part except when one or more titles are adjacent and under the same ownership, in which case the rules of contiguity apply.
- g. Each block of land for which a separate title has been issued is liable to pay a UAGC, even if that land is vacant. NOTE: Two or more adjacent blocks of vacant land are not eligible for Remission under "Contiguity" (S.20 of LG(R)A 02) because they are not "used for the same purpose" (i.e. they are not used at all).
- h. Each dwelling, flat, or additional rentable unit (attached or not attached) on a pastoral, horticultural or forestry property which is let (or capable of being let) for a substantial part of the year to persons other than immediate family members is a separately inhabited part of a property, and separate UAGCs are payable.
- i. A substantial part of the year is considered to be three months or more (this total period may be fragmented, and may occur at any part of the rating year).

## Guidance Notes

The following Notes are not rules, but are intended to aid Officers in the interpretation of the Rules.

### 1. Commercial Properties

- A single building on one title with 24 separate shops would pay 24 UAGCs.
- A motel with an attached dwelling would pay only one UAGC, because the attached dwelling is essential to the running of the motel. (See rule D above).
- A motel with an attached restaurant which is available to the wider public has two separately used parts, and would pay two UAGCs. Likewise, a motel with an attached Conference Facility would pay an additional UAGC.
- A business which makes part of its income through the leasing of part of its space to semi-passive uses such as billboards, or money machines, is not regarded as having a separately used or inhabited part, and would not be charged a separate UAGC.
- For the avoidance of doubt, an apartment block in which each apartment is on a separately owned title is merely a series of co-sited Rating Units, and each will pay a UAGC.
- If, however, in the above example a management company leases the individual titles for 10 years or more, and those leases are registered on the titles, and the leases stipulate that the management company is responsible for paying the rates, and if the management company then operates the apartments as a single business operation, that business operation may be considered for a remission under Council's remission policies and have all but one UAGC remitted.
- An apartment block with separate laundry, or restaurant, which are available to the general population as a separate business enterprise, would pay an additional UAGC for each of these functions as separately used parts.

### 2. Residential Properties

- The rule will apply to properties identified as "flats" on the valuation record, administered by Council's Valuer. Sleep-outs and granny flats will generally be identified as "sleep-out" on the valuation record and will not normally qualify for additional UAGCs.
- If a property is identified on the valuation record as having flats, but these in fact are used only for family members or for others for very short periods, then the additional UAGCs may be remitted on Council receiving proof of their use, including a signed declaration from the property owner (see remission policies). A property owner who actively



advertises the flats for accommodation will not qualify for the remission.

- A property such as a large house which is identified as being split into, say, three internal flats at the time the valuation records were established, but which is not actually used as such, will need to apply for remission under Council's remission policy. (Note: This property should be referred to Council's Valuer for correction on the next valuation cycle.)

### 3. Residential with Non-Residential Part

- A residence with a separately accessible "office" such as may be used for surveyor, architect, or medical services, will pay an additional UAGC for the office, because it is a separately used part which generates additional use of roads, services, planning resources, and democratic processes.
- A residence with a "Home Occupation" (commonly called a "hobby business") will not generally be charged a separate UAGC unless the intensity of operation is high. For example, a resident who occasionally manufactures boat trailers in his garage on the weekends would not incur an additional UAGC, but someone who works for most of the week panel beating or painting, particularly if the activity is accompanied by advertising, clearly has a separately used or inhabited part of the rating unit, and would incur an additional UAGC.
- A residential property, part of which is used continually for storage of large industrial machinery, has a separately used part, and would incur an additional UAGC.

### 4. Non-Residential Activity with Co-sited Dwelling

- A fish and chip shop, with a flat above which can be accessed without passing through the shop, does have a separately used part, and would normally incur an additional UAGC charge.
- A dairy which has an integral dwelling attached, would not incur an additional UAGC, because the home is an integral part of the operation of the dairy.
- A boarding house containing a caretaker's apartment and several separately let rooms (with or without facilities) all within the structure of the one building, is a single (commercial) use and would not incur an additional UAGC. (The same applies to home-stays and bed and breakfast homes).
- Certain government agencies, churches, marae, and the like are automatically rate exempt (except for service charges such as water and wastewater) but if these organisations undertake accommodation or business activities which are not related to their core function, they may be

charged rates and additional UAGCs for each separately used or inhabited part of the rating unit.

### 5. Individually Tenanted Flats

- Each flat, apartment, or retirement or disability home, and each property under a "licence to occupy", is a separately used or inhabited part of a rating unit, no matter what number of people may be living in the unit, and each does pay an additional UAGC charge.
- If, because of construction work, poor condition, public health, or specific conditions pertaining to the property owner, one or more flats cannot be let on the open market, then the unit may be granted a remission under Council's remission policy. (A specific condition pertaining to the property owner might include the use of one of the units for a live-in caregiver). (Note: This property should be referred to Council's Valuer for correction on the next valuation cycle).