

Statement of Proposal on the draft Revenue and Financing Policy

Purpose

The purpose of this document is to inform the public and seek comments on changes to the council's draft Revenue and Financing Policy.

Background

The Revenue and Financing Policy is required as part of the Long Term Plan. It has been prepared in accordance with sections 101, 102 and 103 of the Local Government Act 2002 (LGA) and sets out how the council intends to fund its operating and capital expenditure.

The council is permitted to use the funding mechanisms set out in section 103(2) of the LGA. This section allows the following funding mechanisms to be used when funding operating and capital expenditure:

- general rates
- targeted rates
- lump sum contributions
- fees and charges
- interest and dividends from investments
- borrowing
- proceeds from asset sales
- development contributions
- environmental contributions under the Resource Management Act 1991
- grants and subsidies
- regional fuel taxes under the Land Transport Management Act 2003
- any other source.

In setting the Revenue and Financing Policy, the council is mindful of trying to achieve the right balance and takes into consideration, amongst other things:

- who benefits from services
- who gives rise to the need for the service, or makes the situation worse
- who pays for services, balancing affordability and wider social benefits.

The council is required to consult on this draft policy in accordance with section 82 of the LGA.

Proposal

The council proposes to adopt a Revenue and Financing Policy to be included in its Long Term Plan 2024-2034. This draft policy is based on the Revenue and Financing Policy adopted in the 2021-2031 Long Term Plan with the following proposed changes to funding sources for activities:

- The policy supports the principles set out in the Preamble to Te Ture Whenua Māori Act 1993 (Māori Land Act 1993), particularly when viewed in conjunction with council's Policy on Remissions and Postponement for Māori freehold land.
- Terminology of 'fees/subsidy' has been split to 'fees and charges' and 'grants and subsidies' to keep in line with the financial statement terminology.
- Both consents and hydrology advice and information have had 'fees/subsidy' removed as there is no income from this category associated with the activities.
- Biosecurity has had 'grants and subsidies' added due to the split in wording mentioned above. This activity is funded by both fees and charges and grants and subsidies.
- Both economic development activities and projects have had grants and subsidies added as these activities are also funded through these.
- Passenger transport administration has had 'rates/general funds' removed, and grants and subsidies added. This activity is funded by grants and subsidies, fees and charges, and targeted rates.
- Removal of the analysis and activity for *Civil Defence and Emergency Management: Funding for community projects and volunteer emergency services* and associated funding sources and mechanism as per council's proposal to stop this rate.
- Removal of the analysis and activity for *Corporate Services: Regional Sporting Facilities* and associated funding sources and mechanism as per council's proposal to stop this rate.

Minor editing and readability changes have also been made that are not explained above but are of no material consequence.

Assessment of options

The reasonably practicable options are:

- Make some or all of the proposed changes as outlined above, plus any alternative relevant changes raised in submissions.
- Do not make the proposed changes and retain the current policy.

The advantage of making the proposed changes is that the policy is kept up to date and accurate. Allowing to make relevant changes that come above through submissions takes into consideration relevant community feedback.

If the changes are not made the policy will no longer accurately reflect council's financing mechanisms for each activity.

It is therefore council's preferred option to make the proposed changes.

Submission process

A full copy of the draft Revenue and Financing Policy and information on how to make a submission is available from the council website at www.nrc.govt.nz/futureplan

The draft Revenue and Financing Policy also forms part of the supporting information to the council consultation on the Long Term Plan 2024-2034. Information on the Long Term Plan consultation and submission process can also be found on the above website and will be undertaken concurrently with consultation on this policy.