



WEAVING THE
FUTURE, TOGETHER
KOTAHITANGA
ŌTOROHANGA DISTRICT COUNCIL

DRAFT FINANCIAL AND FUNDING POLICIES

Contents

- Draft Revenue and Financing Policy
- Draft Policy on the Remission of Rates
- Draft Policy on the Remission and Postponement of Rates on Māori Freehold Land



Te Kaunihera ā-Rohe o
Ōtorohanga
District Council
Where kiwi can fly



WEAVING THE
FUTURE, TOGETHER
KOTAHITANGA
ŌTOROHANGA DISTRICT COUNCIL

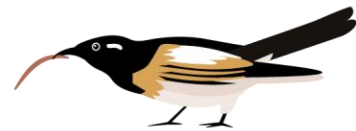
DRAFT REVENUE AND FINANCING POLICY

2024 - 2034

This policy explains how Council funds each of its activities and why.



Te Kaunihera ā-Rohe o
Ōtorohanga
District Council
Where kiwi can fly



ABOUT OUR POLICY

As a Council we provide a number of distinct activities and services to communities and we must undertake these activities and services in a financially prudent and sustainable way. The Revenue and Financing Policy explains how we fund each activity we're involved in and why. Revenue sources include rates, fees, charges, debt (loans), subsidies and investments.

Since the COVID-19 pandemic the world has changed considerably. We have noticed significant increases in our costs, just as our community have noticed increases in household costs. Affordability, and the community's ability to pay rates, is always a concern, however we have been hit by unforeseen increases in the past couple of years that have challenged us and the way we do business. The Council has to strike a balance between the need to provide a level of service that meets customer and legislative requirements, now and in the future, and the need for these services to be provided in an affordable manner.

We're seeking to maintain an affordable level of rates in the future, taking into account the things we must do (the priorities) and different communities' expectations. Our Financial Strategy sets out how we plan to do this and it sets limits on rates increases and debt levels. This Revenue and Financing Policy keeps within those limits and sets out the broad guidelines for establishing the funding of activities.

The Revenue and Financing Policy is more than rating, as it also sets the policy direction for other revenue policies, including Funding Impact Statements, Development and Financial Contributions, Treasury (liability and investment) and Remission policies.

The Revenue and Financing Policy is reviewed every three years as part of the long term planning process.

AFFORDABILITY

Alongside consideration of new services or increasing current levels of service is the issue of affordability, which some ratepayers face. These affordability issues occur across the urban, rural and commercial/industrial sectors, and are often driven by factors outside Council control or knowledge. These factors include employment, climate, world demand for farm products, family situations and general economic conditions.

Infrastructure upgrade costs are often borne solely by urban residents which can be a significant burden for these residents. We're aware of these issues and focus on developing infrastructure that balances function, longevity, supports growth and is affordable. Where possible we also actively work to gain external grant/subsidy funding.

METHOD

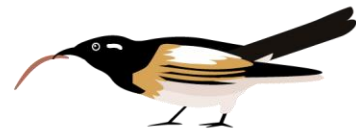
The funding sources available to us are:

- General rates, including -
 - choice of valuation system
 - differential rating
 - uniform annual general charges
- Targeted rates
- Lump sum contributions
- Fees and charges
- Grants and subsidies
- Interest and dividends from investments
- Borrowing
- Proceeds from asset sales
- Development contributions under the Local Government Act 2002
- Financial contributions under the Resource Management Act 1991.

In deciding the best funding source for each activity, we must show:

- the community outcomes 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 inactions 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
- the overall impact of any allocation of liability for revenue needs on the community.

We are also required to outline our policies on how we fund operating and capital expenses.

OUR EXPENDITURE

We have two types of expenses - operating expenditure and capital expenditure.

- Operating expenditure funds our day-to-day activities and services.
- Capital expenditure is money spent in acquiring or upgrading an asset, such as pipes, equipment and buildings and we divide this expenditure into three categories:
 - Renewals** - capital expenditure that increases the life of an existing asset with no increase in service level
 - Increased level of service** - capital expenditure that improves the service level delivered by the asset
 - Growth** - capital expenditure that is required to provide additional capacity to cater for future growth in demand.

OPERATING EXPENDITURE

Our policies and practices for funding operating expenses are set to ensure that these comply with legislation and generally accepted accounting practice.

In general terms, we will use a mix of revenue sources to meet operating expenses, with major sources being general rates, subsidies, and fees and charges. However, revenue from targeted rates is applied to specific activities. Reserve funds, including savings from previous years, are also used as a revenue source. Operating costs do not normally utilise loans or proceeds from asset sales.

Deviating from this policy requires a formal Council decision. Occasionally, we are required (under accounting rules) to write down or treat a cost as an operating expense that had been expected to be funded from loans.

CAPITAL EXPENDITURE

Capital developments are funded (in decreasing priority) from subsidies, user contributions, reserves (where appropriate) and loans. In the land transport (roading) activity, some ongoing capital developments are funded from subsidies and rates.

Capital renewals are funded (in decreasing priority) from subsidies, depreciation or other reserves. Loans may also be used where subsidies and reserves are insufficient, and to do so supports the principle of intergenerational equity (costs that are spread across more than one generation of ratepayers). Rates may also be used where subsidies and reserves are insufficient.

COUNCIL CREATED RESERVES

Savings and unspent budgets specific to each activity or rates charged for specific projects are placed in reserves. These reserves may be used to fund activities in line with the purpose of the reserve.

The use of reserves requires a specific resolution of Council before expenditure is committed. Depreciation reserves used to renew existing assets and for internal loans are the exception to this and get approved instead as part of a long term plan or annual plan budget.

FUNDING MECHANISMS

Different funding sources are used for different types of expenditure. Council funds its expenditure using the following funding mechanisms.





OPERATING REVENUE SOURCES OF FUNDS

| REVENUE SOURCE | USE |
|---|--|
| General rates | Used to cover public good activities and includes the use of a Uniform Annual General Charge (UAGC). Rates are determined based on the capital value of a property. |
| Targeted rates | Includes Uniform Annual Charges, differential rates set on value (land or capital value), rates set over an area of benefit and rates for a service or an activity. Targeted rates can be set on a uniform or differential basis, with a range of different factors of liability. This can be used for both private good and public good services. |
| Lump sum contributions | For the recovery of specific capital expenditure, otherwise loan funded (optional for ratepayer). This usually has a high component of private good, although district targeting has been used to give ratepayers the choice to reduce debt. |
| Fees and charges | Any fee, recovery fine, or charge made for a service or activity that has a higher component of private good. |
| Interest and dividends from investments | Income from an investment, including interest and dividends. This would be generally a public good activity. |
| Development contributions (Section 106 Local Government Act 2002) | Used to recover the growth component of capital expenditure from developments. We also have a Development Contributions Policy (under review). |
| Financial contributions (Resource Management Act 1991) | This is used to recover costs to mitigate the effects of growth which may not be limited to capital expenditure. This must have a high component of private good. |
| Grants and subsidies | Income from another organisation. These would generally be for a public good activity. |
| Council created reserves | Savings or carry forward budgets specific to each activity are sometimes available to fund operating costs (subject to Council approval). Reserves linked to specific activities built up from operational surpluses or grants may also be used. This can be used for both private good and public good activities. |

CAPITAL REVENUE SOURCES OF FUNDS

| REVENUE SOURCE | USE |
|---------------------------|---|
| Borrowing | Can be both short term and long term and is an appropriate funding mechanism to smooth the effects of peaks in capital expenditure and enable the costs of major developments to be borne by those who ultimately benefit from the expenditure over the life of asset. This is known as the 'intergenerational equity principle' and means that the costs of any expenditure should be recovered from the community over the period the benefits of that expenditure accrue. It is not prudent or sustainable for all capital expenditure to be funded from borrowing and Council must balance prudence against equity. The overriding limits on borrowing are set out in the Financial Strategy. |
| Proceeds from asset sales | Revenue from this source only needs to be recognised where an asset is being sold and not replaced with a similar asset. For example, where the proceeds from the sale of a Council investment property are used to fund another activity. Proceeds from property sales will be placed in the General Reserves, unless limited by a specific trust deed, bequest or legislation. |
| Council created reserves | These are from rates, surplus revenues (held for a particular purpose), savings for a particular purpose, or the transfer of non-cash expenditure (such as depreciation). The use of reserves will require a specific resolution of Council before expenditure is committed. |





FUNDING OPTIONS

The following table summarises how sources of revenue are applied to Council's activities. For example, a subsidy (external funding) is the number one source of funds and this may be used first equally for any operating or capital cost. Development or Financial Contributions are also a number one source of funds but can only be used for capital to cater for growth.

General Rates, UAGC and Targeted Rates are the last priority source of funding (Priority 5) and can be used firstly to fund operating and renew existing assets but can also be used as a secondary source to fund capital improvement and growth.

FUNDING SOURCES

| PRIORITY OF SOURCE (NUMBER) | REVENUE SOURCE | OPERATING | RENEW EXISTING ASSETS | CAPITAL: DEVELOP ASSETS – TO IMPROVE SERVICES | CAPITAL: DEVELOP ASSETS – TO CATER FOR GROWTH |
|-----------------------------|---|--------------------------|-----------------------|---|---|
| 1 | Subsidies and grants | 1 st | 1 st | 1 st | 1 st |
| 1 | Development or financial contributions | Not permitted | Not permitted | Not permitted | 1 st |
| 2 | Fees and charges | 1 st | 2 nd | 2 nd | 2 nd |
| 3 | Loans (borrow internally from savings or externally) | Not permitted | Possible | 1 st | 1 st |
| 3 | Reserves | Possible 2 nd | 1 st | 1 st | 1 st |
| 4 | Prior year surpluses | Possible 2 nd | 2 nd | Possible 2 nd | Possible 2 nd |
| 4 | Interest and other revenue | 1 st | 1 st | Possible 2 nd | Possible 2 nd |
| 5 | General rates | 1 st | 1 st | Possible 2 nd | Possible 2 nd |
| 5 | Targeted rates | 1 st | 1 st | Possible 2 nd | Possible 2 nd |
| 5 | UAGC | 1 st | 1 st | Possible 2 nd | Possible 2 nd |
| KEY | 1 st primary source of funding, if available 2 nd secondary source on a case-by-case basis Possible funding will be considered, if necessary, on a case-by-case basis | | | | |

ACTIVITY FUNDING TARGETS

Our funding targets set the level of revenue that is appropriate for users to contribute for each of our activities. We have reviewed these targets as part of this Revenue and Financing Policy¹. The targets are shown in the summary table on page XX and more detail is included in each activity section.

The specified funding source proportions are indicative only. They are not intended as an exact proportion, rather as a guideline. It is recognised that within each activity in any given year there may be justification for variation from those proportions. This could be from changes to market conditions, government policy or the demand for Council services. In order to reflect the uncertainty involved in these targets a range in each activity has been assessed.

PROCESS FOR DETERMINING FUNDING SOURCES

In determining the appropriate funding sources, we have adopted a two-stage process².

¹ As required by the Local Government Act 2002, Section 101.

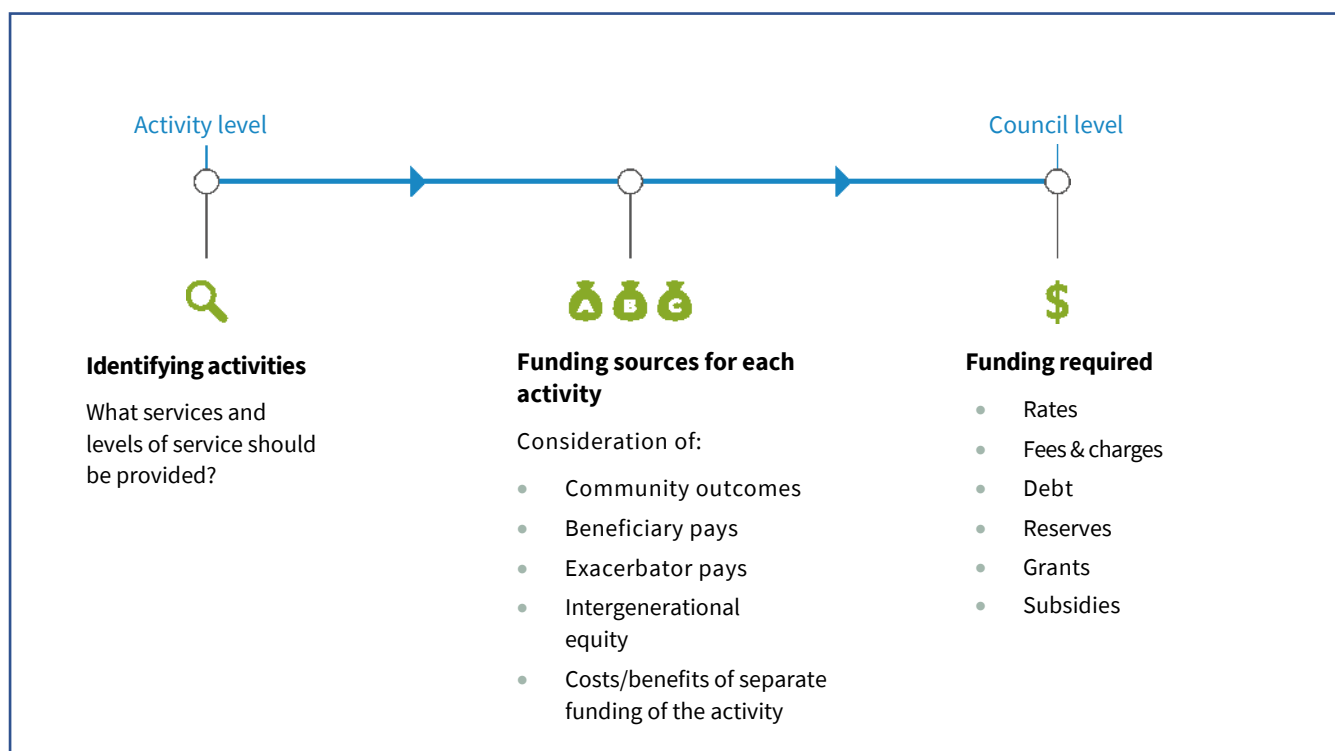
² In accordance with Section 101 (3) of the Local Government Act 2002.



Step 1

The first step is to determine the most appropriate source of funding for each activity by considering the following:

- Community outcomes to which the activity primarily contributes
- Distribution of benefits between the community as a whole, any identifiable part of the community and individuals
- The period in, or over which, the benefits are expected to occur. Generally, benefits derived from operating costs are received in the year the expenditure is incurred. In contrast, capital expenditure relates to investment in assets that generate benefits over their useful lives that extend beyond the current year
- The extent of the actions or inaction of individuals or a group contributing to the activity undertaken
- The costs and benefits, including consequences of transparency and accountability, of funding the activity distinctly from other activities.



Step 2

Once the most appropriate funding method for each activity is identified, based on the considerations stated above, the Council needs to consider the overall impact of its funding mix on the community. For example, the principle of paying for benefits received may call for a high degree of user pays for an activity, but this must be balanced against the principle of affordability.



Selecting the appropriate funding source

The general principles used in the process are:

| PRINCIPLE | DESCRIPTION |
|---|---|
| Public good theory | <ul style="list-style-type: none"> The distribution of benefits between the community as a whole An activity should be collectively funded if those that benefit directly cannot be identified and/or if those that benefit directly cannot be excluded from using the service. |
| User/beneficiary pays | <ul style="list-style-type: none"> An activity should be funded on a user pays basis if an individual or group of individuals directly receive benefits of the activity exclusively and that costs of the activity can easily be attributed to that individual or group of individuals. The service 'consumed' is excludable and creates rivalry (ie. using this service reduces the availability for someone else - eg. drinking water). |
| Merit goods theory | The use of private goods and services can also result in benefits to third parties – people who don't directly use them. In these cases, we consider that the service should be provided on the basis of community need rather than willingness to pay, or identifiable benefits received (eg. regional sporting facilities). |
| Intergenerational equity | The period in or over which those benefits are expected to accrue (ie. intergenerational) |
| Exacerbator/polluter pays | The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity. |
| Costs and benefits of funding the activity distinctly from other activities | Considerations include: <ul style="list-style-type: none"> the consequences for transparency and accountability the efficiency or ability to identify and separate costs, and then collect revenue, and the impact on demand for services. |

The differentiation of private and public goods and the identification of externalities are necessary for the strict apportionment of the costs between private users and the community as a whole. Sometimes such differentiation is not easy, because very few goods and services can be treated as purely private or public; most goods and services have characteristics of both private and public goods.

For each activity the following have been considered:

- Relationship to the community outcomes.
- Council considerations of:
 - the distribution of benefits from the activity between the community and any identifiable groups or individuals;
 - intergenerational equity;
 - exacerbator pays; and
 - the costs and benefits of distinct funding.
- A percentage range of public versus private benefits providing a rationale for the allocation between rates and targeted recoveries through fees and charges.
- The overall impact of any allocation of liability for revenue needs on the community.





OUR POLICY

Applying the principles in the table above, we have set the following policy positions:

- Where the benefit accrues to the whole district, general rates will be used (these include UAGC).
- Where benefits accrue to certain groups within the district, user charges, differentials or targeted rates will be used if efficient to do so.
- User pays is also recognised as a tool to achieve Council's goals (eg. charging for refuse collection to encourage waste minimisation). Where a fee or charge is not practical, targeted rates may be set in accordance with Council's rating policies.
- Where it is practical to recover the designated portion of the net operating cost of an activity from a private user or exacerbator, fees and charges are set at levels designed to achieve this provided there are no legislative constraints on doing this.
- In some cases (eg. wastewater), targeted rates are used as a surrogate for user charges as Council considers this to be a more efficient and effective method of funding than individual user charges.

Notes

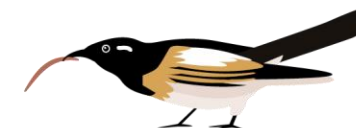
- *Rates are partly a tax. While effort is made to link payment of rates to benefits received or costs generated, it is not possible to do this on an individual ratepayer basis. Rates are set GST inclusive and 15% of the revenue collected excluding penalties is passed onto Central Government.*
- *Subsidy from central government recognises that some services (e.g. Roading), form part of a national infrastructure network and only central government can levy user charges.*
- *Uniform Annual General Charge (UAGC) recognises that most services are available to all properties regardless of value and that all properties should contribute a reasonable amount to the running of the District.*

Very few activities deliver entirely public benefits or private benefits³. Most activities contain aspects of both and fall somewhere between the two ends of the continuum. The characteristics of an activity determine what type of funding mechanism is used to fund a particular service. For example, an activity towards the 'public good' end of the continuum may not be a good candidate for user charges as people cannot be prevented from consuming it or because everyone is provided with access to the service whether they wish to use it or not. Such activities will generally be candidates for funding from some general source, such as a general rate. An activity that delivers benefits towards the 'private' end of the spectrum may be a candidate for a targeted rate or a user charge. In the end, it comes down to 'reasonable' judgement by us having considered the legal factors, funding principles and guiding policies.

The following tables show this analysis for each activity within the groups of activities. A summary is provided on the final page of this Policy.

³

In this document the words 'public' or 'private' reflect who benefits from the services we provide. When the word 'public' is used it means the community at large will receive benefits and generally it is more efficient to charge for those through a rate. When the word 'private' is used it means that either an individual or an identifiable group of individuals will receive benefits, and generally this group can be charged either directly through user charges because it is efficient to do so or by using a targeted rate.



| ACTIVITY ANALYSIS | | | | | | | | | | | |
|--|---|--|--|---------------------|---|--|----------|---------|---|--|-----------------------------------|
| Group of Activities/ Activity | Community Outcomes | User/ beneficiary pays principle | Intergenera- tional equity principle | Exacerbator pays | Costs and benefits of separately funding | Section 101(3)(b) impact modification | Benefits | | Rationale | Funding Sources | |
| | | | | | | | Private | Public | | Operational | Capital |
| TRUSTED LEADERSHIP AND RELATIONSHIPS | | | | | | | | | | | |
| Governance | PEOPLE Connected, empowered, engaged communities | Low | Low | Low | Low- Medium | Low | 0% | 100% | Elected Council members represent the residents of the district. The benefit of representation is available to all residents and ratepayers of the district. | General rate; | Loans; General rate; Reserves |
| | PLACE Sustainable, resilient district | | | | | | | | | | |
| Iwi Liaison | | Low | Low | Low | Low-Medium | Low | 0% | 100% | | General rate | |
| Corporate Planning | PARTNERSHIPS Aspirational, united, responsible leadership. | Low | Low | Low | Low-Medium | Low | 0% | 100% | | General rate | |
| Organisational Performance & Support | | Low | Low | Low | Low-Medium | Low | 0% | 100% | | General rate, overheads | Loans, reserves |
| | Progressive, enduring, supportive partnerships for district wellbeing | | | | | | | | | | |
| STRONG COMMUNITIES | | | | | | | | | | | |
| Community Development and Empowerment | PEOPLE Connected, empowered, engaged communities | Medium | Low | Low | Low-Medium | Low | 0-20% | 80-100% | The primary beneficiaries are the community groups that receive funding from Council, and users or lessees of commercial properties. These properties are considered an investment type of asset and therefore a commercial return is expected. | General rate; Fees and charges; Grants | Loans, Fees and charges; Reserves |
| Grants (social, cultural & recreation) | Welcoming, proud, thriving district | Medium | Low | Low | Low-Medium | Low | 0% | 100% | | General rate, Subsidies | N/A |
| Grants (social, cultural & recreation) | PLACE Vibrant, diverse, liveable communities | Medium | Low | Low | Low-Medium | Low | 0% | 100% | Non-users may be receiving less benefits and subsidising users | General rate | N/A |
| Sport Waikato | | | | | | | | | | | |





ACTIVITY ANALYSIS

| ACTIVITY ANALYSIS | | | | | | | | | | | |
|--|---|--|--|---------------------|---|--|----------|---------|--|--------------------------------------|--|
| Group of Activities/ Activity | Community Outcomes | User/ beneficiary pays principle | Intergenera- tional equity principle | Exacerbator pays | Costs and benefits of separately funding | Section 101(3)(b) impact modification | Benefits | | Rationale | Funding Sources | |
| | | | | | | | Private | Public | | Operational | Capital |
| District Promotion and Business Support | Sustainable, resilient district PARTNERSHIPS Progressive, enduring, supportive partnerships for district wellbeing. | Medium | Low | Low | Low-Medium | Low | 10-30% | 70 -90% | Private beneficiaries are the individuals who gain employment, retailers, tourist operators, motels and other businesses, but the whole District benefits from an increased population, improved economic wellbeing and a larger rating base. | General rate | N/A |
| Safer Communities Ōtorohanga Security Patrol | | High | Low | High | Low | Medium | 80-90% | 10-20% | The provision of a security service is funded from the commercial area of Ōtorohanga, where the majority of benefit accrues. There is also a wider public benefit in having regular security patrols in the town. | General rate; Targeted rate | N/A |
| Libraries, Learning & Development | | High | Low-Medium | Low | Low | High | 80-90% | 10-20% | Recreational reading primarily benefits the individual users, as do school holiday programmes, and the availability of reference material and internet access. The acquisition of knowledge does have a high public benefit through contributing value to the community by people having access to knowledge, being well informed and by encouraging literacy. | General rate; Fees and charges | Loans; Reserves |
| Civil Defence Emergency Management | | Low | Low | Low | Low | Low | 0% | 100% | The primary purpose of civil defence is emergency preparedness with an initial response capability. This activity cannot be attributed to any individuals and therefore it is the community as a whole that benefits from this activity. | General rate; Subsidies | Loans; General rate; Reserves |
| VIBRANT PLACES AND SPACES | | | | | | | | | | | |
| Parks and Reserves | PEOPLE Connected, empowered, engaged communities Welcoming, proud, thriving district | Low | High | Low-Medium | Medium | Low | 60-80% | 20-40% | Parks and reserves beneficiaries are the users, both local and visitors to the district, and in particular user groups such as sports clubs. It is not feasible to charge to access to reserves and playgrounds as access cannot be readily restricted. All residents have access to reserves, although sports clubs are charged via leases for the exclusive use members enjoy. | General rate; Fees and charges | Loans; General rate; Grants; Reserves |



ACTIVITY ANALYSIS

| Group of Activities/ Activity | Community Outcomes | User/ beneficiary pays principle | Intergenera- tional equity principle | Exacerbator pays | Costs and benefits of separately funding | Section 101(3)(b) impact modification | Benefits | | Rationale | Funding Sources | |
|---------------------------------------|---|--|--|---------------------|---|--|---|--------|---|--|---------------------------------------|
| | | | | | | | Private | Public | | Operational | Capital |
| Halls Community Centre (Kāwhia) | PLACE Vibrant, diverse, liveable communities Sustainable, resilient district | Medium | High | Low | Medium | Medium | 40-60% | 40-60% | The Kāwhia community centre covers social and recreational use. While individuals and local community groups benefit from the use of the facilities there is also a public benefit in having the Centre available to the wider area. | Targeted rate, General rate Targeted rate, fees and charges | General rates; Grants; Reserves |
| Swimming Pools | | High | Medium | Low | Medium | Medium | 80-100% (Council does not receive the entry fees or manage the facility) | 0-20% | Swimming pools are recreational facilities, and provide social benefits such as learn-to-swim, coaching and leisure opportunities for residents with a range of needs. Users of the pool are private beneficiaries and user fees reflect this. The fees are not collected by Council. The Council funds a contract for service. | General rate | Loans; General rate; Grants; Reserves |
| Public Toilets | | Medium | Medium | Medium | Low | Medium | 50% | 50% | The benefits are the provision of clean and safe toilets for travellers, shoppers, parents and children in commercial areas in particular, and for users of recreational facilities. | General rate | Loans; general rate; reserves |
| Cemeteries | | High | High | Low | Low | Medium | 50% | 50% | The private benefit is received by the families of the deceased, and to those researching family history. There is also a public benefit with communities benefiting from being able to have family members buried in their community. The ground maintenance has a component of private and public benefit. | General rate, Fees and charges | Loans; General rate; Grants; Reserves |
| Kāwhia Wharf | | High | High | Low-Medium | Medium | Medium | 50% | 50% | The provision of a wharf at Kāwhia is historical, but there is a large degree of private benefit. There is a widespread community expectation that Council will continue to maintain the wharf. | General rate; Targeted rate; Fees and charges | Loans |





ACTIVITY ANALYSIS

| ACTIVITY ANALYSIS | | | | | | | | | | | |
|---|---|--|--|---------------------|---|--|--------------------------------------|---|---|---|---------------------------|
| Group of Activities/ Activity | Community Outcomes | User/ beneficiary pays principle | Intergenera- tional equity principle | Exacerbator pays | Costs and benefits of separately funding | Section 101(3)(b) impact modification | Benefits | | Rationale | Funding Sources | |
| | | | | | | | Private | Public | | Operational | Capital |
| Property | | Medium | High | Low | Medium | Low | 0-30% | 70-100% | Maximise recovery of costs through the rental of property as per our Occupancy Policy. Where property is rented it is generally of private benefit. | General Rate: Targeted Rates: Fees and charges | Loans, Grants Reserves |
| Older Persons Housing | | High | High | Low | Medium | Low | 90-100% | 0-10% | The main beneficiaries are the tenants, who receive housing at rentals below market rates. | Fees and charges | Loans, Grants Reserves |
| Building Management & Maintenance | | Medium | High | Low | Medium | Low | 90-100% | 0-10% | | General rates – Library General rates, targeted rates, fees and charges – Kawhia Medical Centre | Loans, Grants Reserves |
| SUSTAINABLE DEVELOPMENT AND PUBLIC SAFETY | | | | | | | | | | | |
| Planning | PEOPLE Welcoming, proud, thriving district PLACE Vibrant, diverse, liveable communities Sustainable, resilient district | Medium – High | Low | Low- Medium | Medium | Medium | 90-100% District Plan: 20% | Resource consents: 0-10% District Plan: 80% | There are two distinct beneficiaries of this activity, the primary being the applicant/developer and the second being the whole district through the development and monitoring of the District Plan. | Resource consents; 80%; Fees & charges, 20% General rate District Plan 100% General rate. A full review of the District Plan may be funded via a loan, which reflects the long-term benefit. | N/A |





| ACTIVITY ANALYSIS | | | | | | | | | | | |
|----------------------------------|---|--|--|---------------------|---|--|----------|---------|---|--|-------------------------------------|
| Group of Activities/ Activity | Community Outcomes | User/ beneficiary pays principle | Intergenera- tional equity principle | Exacerbator pays | Costs and benefits of separately funding | Section 101(3)(b) impact modification | Benefits | | Rationale | Funding Sources | |
| | | | | | | | Private | Public | | Operational | Capital |
| Building Control | PARTNERSHIPS Aspirational, united, responsible leadership Progressive, enduring, supportive partnerships for district wellbeing. | High | Low | Medium | Medium | Medium | 90-100% | 0-10% | The building control activity is mainly funded by the beneficiaries of the service, as they can be easily identified. There is some general community benefit because the public can be assured that buildings being erected are safe. | General rate; 55%, Fees & charges 45% | N/A |
| Environmental Health | | Medium | Low | Medium | Medium | Medium | 40 -60% | 40-60% | For health and liquor licensing there is a moderate level of public good in the general health monitoring and advisory service provided to the community. Direct inspections of premises are user fees, but some fees are set by government legislation and therefore full cost recovery is not always possible. In the general inspection area, it is often impossible to identify offenders or impractical to recover enforcement costs. The whole community benefits from these activities. | Fees & Charges; General rate | N/A |
| Animal Management | | Medium | Low | High | Low | Low | 80 - 90% | 10 -20% | This activity codes both dog control and general animal control (pound operational and stock roaming). The majority of the dog control costs for this activity should be borne by dog owners, as it the existence of dogs in the community that gives rise to the need to carry out this activity. There is a small public benefit from animal education programmes. The control of stock on public roads has a lower private benefit, due the greater level of public safety. | Fees & charges; 60% General rate 40% ⁴ | Loans; General rate; Reserves |





ACTIVITY ANALYSIS

| Group of Activities/ Activity | Community Outcomes | User/ beneficiary pays principle | Intergenera- tional equity principle | Exacerbator pays | Costs and benefits of separately funding | Section 101(3)(b) impact modification | Benefits | | Rationale | Funding Sources | |
|--|---|--|--|---------------------|---|--|-----------|--------|---|---|--|
| | | | | | | | Private | Public | | Operational | Capital |
| RESILIENT INFRASTRUCTURE: LAND TRANSPORT | | | | | | | | | | | |
| Roading | PEOPLE Connected, empowered, engaged communities Welcoming, proud, thriving district PLACE Vibrant, diverse, liveable communities | Medium – High | High | Medium | Medium – High | Low | 40-60% | 40-60% | The beneficiaries are the users of the roads, the owners of properties served by roads, the local community and the wider public. The private benefit is collected via fuel taxes and road user charges by the government and allocated as a grant through Waka Kotahi/NZ Transport Agency. | Targeted rate; Subsidies; Fees & charges; Reserves | Targeted rate; Subsidies; Reserves; Development contributions |
| Footpaths | Sustainable, resilient district PARTNERSHIPS Progressive, enduring, supportive partnerships for district wellbeing. | Low | Medium – High | Low – Medium | Low | Low | 40-60% | 40-60% | Occupiers of urban residential and commercial properties that are served by footpaths benefit from easier access and the added value to the properties. While the primary benefit is for the people who use the footpaths, these users generally cannot be individually identified or be restricted from using footpaths from a public safety factor. | Targeted rate; Subsidies | Targeted rate; Subsidies; Reserves; Development contributions |
| RESILIENT INFRASTRUCTURE – WASTEWATER | | | | | | | | | | | |
| Wastewater | PEOPLE Welcoming, proud, thriving district PLACE Vibrant, diverse, liveable communities Sustainable, resilient district PARTNERSHIPS | Medium - High | High | Low –Medium | Low | Medium | 90 – 100% | 0 -10% | The direct beneficiaries of this activity are the properties connected to the Ōtorohanga network. There is a public health benefit particularly to people who live in urban areas, and with the downstream effects of clean rivers benefiting the whole district. The provision of public toilets in Ōtorohanga is a district-wide benefit. | Targeted rate; General rate; Fees & charges; Reserves | Targeted rate; Loans; Reserves; Subsidies; Development contributions |



ACTIVITY ANALYSIS

| Group of Activities/ Activity | Community Outcomes | User/ beneficiary pays principle | Intergenera- tional equity principle | Exacerbator pays | Costs and benefits of separately funding | Section 101(3)(b) impact modification | Benefits | | Rationale | Funding Sources | |
|---|---|--|--|---------------------|---|--|--------------|----------|---|---|--|
| | | | | | | | Private | Public | | Operational | Capital |
| | Aspirational, united, responsible leadership Progressive, enduring, supportive partnerships for district wellbeing. | | | | | | | | | | |
| RESILIENT INFRASTRUCTURE – WATER SUPPLY | | | | | | | | | | | |
| Water Supply | <p>PEOPLE Welcoming, proud, thriving district</p> <p>PLACE Vibrant, diverse, liveable communities</p> <p>Sustainable, resilient district</p> <p>PARTNERSHIPS Progressive, enduring, supportive partnerships for district wellbeing.</p> | High | High | Low | Low – Medium | Medium | 90 – 100% | 0 -10% | The immediate beneficiaries are the properties that are connected to the water supplies. However, there is a public health benefit in providing potable water supplies. Additional public benefits include fire protection, and public toilets and street cleaning for urban areas. | Targeted rate; Fees & charges; Reserves | Targeted rate; Loans; Reserves; Subsidies; Development contributions |
| RESILIENT INFRASTRUCTURE – STORMWATER | | | | | | | | | | | |
| Stormwater | <p>PEOPLE Welcoming, proud, thriving district</p> <p>PLACE Vibrant, diverse, liveable communities</p> | Medium - High | Medium High | Low - Medium | Medium | High | 75 - 85% | 15 - 25% | Properties within the urban stormwater network areas benefit from collecting and disposing stormwater to limit flood damage. Property owners downstream from these areas also benefit. There is also a public benefit to health and safety to the urban populations generally. | Targeted rate; General rate | Loans; Targeted rate; Reserves |



ACTIVITY ANALYSIS

| Group of Activities/ Activity | Community Outcomes | User/ beneficiary pays principle | Intergenera- tional equity principle | Exacerbator pays | Costs and benefits of separately funding | Section 101(3)(b) impact modification | Benefits | | Rationale | Funding Sources | |
|---|--|--|--|---------------------|---|--|----------|----------|--|---|---|
| | | | | | | | Private | Public | | Operational | Capital |
| | Sustainable, resilient district PARTNERSHIPS Progressive, enduring, supportive partnerships for district wellbeing. | | | | | | | | | | |
| RESILIENT INFRASTRUCTURE – FLOOD PROTECTION | | | | | | | | | | | |
| Flood Protection Works | PEOPLE Welcoming, proud, thriving district | High | Medium High | Low | Medium | High | 75 - 85% | 15 - 25% | Properties within the Ōtorohanga flood protection scheme area benefit from limiting flooding and consequential property damage. There is also a public benefit in protecting public areas from flooding. | Waikato Regional Council Targeted rate | Waikato Regional Council Targeted rate |
| Coastal Structures: Aotea Sea Wall | PLACE Vibrant, diverse, liveable communities Sustainable, resilient district | High | High | Low | Medium | Medium | 90-100% | 0-10% | Properties within the Aotea community benefit from limiting sea erosion and consequential property damage. There is also a public benefit in protecting public areas from erosion. | Targeted rate; General rate | Loans; Targeted rate; Development contributions |
| Kawhia Sea Wall | PARTNERSHIPS Progressive, enduring, supportive partnerships for district wellbeing. | High | High | Low | Medium | Medium | 90-100% | 0-10% | Properties within the Kawhia community benefit from limiting sea erosion and consequential property damage. There is also a public benefit in protecting public areas from erosion. | Targeted rate General rate | Loans; Targeted rate; Development contributions |





| ACTIVITY ANALYSIS | | | | | | | | | | | |
|----------------------------------|---|--|--|---------------------|---|--|----------|----------|---|---------------------------------------|--|
| Group of Activities/ Activity | Community Outcomes | User/ beneficiary pays principle | Intergenera- tional equity principle | Exacerbator pays | Costs and benefits of separately funding | Section 101(3)(b) impact modification | Benefits | | Rationale | Funding Sources | |
| | | | | | | | Private | Public | | Operational | Capital |
| RESPONSIBLE WASTE MANAGEMENT | | | | | | | | | | | |
| Waste Management | PEOPLE Welcoming, proud, thriving district PLACE Vibrant, diverse, liveable communities Sustainable, resilient district | High | Low - Medium | Low - Medium | Low | Medium | 20 – 30% | 70 – 80% | Urban households receive a kerbside recycling service and all properties have access to recycling facilities. All properties have access to waste disposal facilities at refuse transfer stations. The whole District benefits from the environmental benefits. Pricing is a tool that can impact on people’s behaviour to achieve the reduction, reuse and recycling of solid waste. | Targeted rate; Fees & charges; Grants | Loans; Targeted rate; Grants; Reserves |
| Waste Minimisation Education | | Low | Low | High | Low | High | 0% | 100% | The need for this service is a direct result of illegal dumping and the inappropriate discarding of rubbish. In most case the person(s) responsible is unknown and cannot be charged. | General rate; Fees & charges | N/A |

| SUMMARY OF FUNDING TARGETS | | | |
|------------------------------------|---|----------------|-----------------------------------|
| GROUP OF ACTIVITIES/ACTIVITY | RATES | FEES & CHARGES | GRANTS, SUBSIDIES & OTHER REVENUE |
| TRUSTED LEADERSHIP & RELATIONSHIPS | | | |
| Governance | 100% General rate | | |
| Community Boards | 100% (0-50% General rate; 50-100% Targeted rate) ⁵ | | |

⁵ The proportion of General Rate to Targeted was increased as part of our 2024/34 review of this policy. The reason for the change was to spread the increase of organisational overheads across a larger area of benefit. This is a fairer representation of the actual overhead costs on the Community Boards.





| SUMMARY OF FUNDING TARGETS | | | |
|--|--|------------------|-----------------------------------|
| GROUP OF ACTIVITIES/ACTIVITY | RATES | FEES & CHARGES | GRANTS, SUBSIDIES & OTHER REVENUE |
| Iwi Liaison | 100% General rate | | |
| Corporate Planning/Projects | 100% General rate | | |
| STRONG COMMUNITIES | | | |
| Community Development & Empowerment | 100% General rate | | |
| Community Service Providers & Contestable Grants | 100% General rate | | |
| Economic Development & Wellbeing | 100% General rate | | |
| Safer Communities (Security Patrol) | 100% (95-100% Targeted rate; 0- 5% General rate) | | |
| Libraries, Learning & Development | 90 – 100% General rate | 0 – 10% | |
| Civil Defence Emergency Management | 100% General rate | | |
| VIBRANT PLACES AND SPACES | | | |
| Parks and Reserves and Council Owned Property | | | |
| Parks and Reserves | 80 – 100% General rate | 0 – 20% (Leases) | |
| Council Owned Properties | 100% Targeted rate | 0 – 30% | |
| Halls (Incl. Kāwhia Community Centre) | 100% Targeted rate | | |
| Public Toilets | 100% General rate | | |
| Cemeteries | 70 – 80% General rate | 20 – 30% | |
| Swimming Pools ⁶ | 100% General rate (net) | | |
| Older Persons Housing | 0-10% General rate | 90-100% (rent) | |
| SUSTAINABLE DEVELOPMENT AND PUBLIC SAFETY | | | |
| Planning | 50-60% General rate | 40-50% | |
| Building Control | 10 – 60% General rate | 40 - 90% | |

⁶ Pool operation is contracted out, with entry fees retained by the Contractor.





| SUMMARY OF FUNDING TARGETS | | | |
|---|--|----------------|---|
| GROUP OF ACTIVITIES/ACTIVITY | RATES | FEES & CHARGES | GRANTS, SUBSIDIES & OTHER REVENUE |
| Animal Management | 10 – 40% General rate | 60 – 90% | |
| Environmental Health, Public Amenity & Safety | 50 – 70% General rate | 30 – 50% | |
| RESILIENT INFRASTRUCTURE LAND TRANSPORT | | | |
| Roading | 40 - 50% Targeted Rate (70% on CV, 30% Uniform) | 0 – 10% | 55 - 65% (NZTA 61% funding assistance rate for subsidised works) 0 – 10% Development contributions |
| Footpaths | 40 - 50% Targeted rate (70% on CV, 30% Uniform) | | 55 - 65% (NZTA 61% funding assistance rate for subsidised works) 0 – 10% Development contributions |
| RESILIENT INFRASTRUCTURE - WASTEWATER | 80 – 100% (0-10% General rate; 90-100% Targeted rate) | 0 – 10% | 0 – 10% Development contributions |
| RESILIENT INFRASTRUCTURE - WATER SUPPLY | 80 – 100% (0-10% General rate; 90 – 100% Targeted rate) | 0 – 20% | 0 – 10% Development contributions |
| RESILIENT INFRASTRUCTURE - STORMWATER | 90 - 100% (90 – 100% Targeted rate; 0 – 10% General rate) | | 0 – 10% Development contributions |
| RESILIENT INFRASTRUCTURE – FLOOD PROTECTION | | | |
| Flood Protection | 100% Targeted rate ⁷ | | |
| Coastal Structures Aotea & Kāwhia Seawalls (see text box below for rate change) Kāwhia Wharf | 100% (0-10% General rate; 90-100% Targeted rate) 80 – 90% (65–75% General rate; 15–25% Targeted rate) | 10 – 20% | |
| RESPONSIBLE WASTE MANAGEMENT | | | |
| Waste Management | 100% (Refuse 90% Targeted rate; 10% General rate. Solid waste 90% Targeted rate; 10% General rate) | | |
| Waste Minimisation | 90-100% General rate | 0-10% | |





PROPOSED CHANGE TO RATING FOR KĀWHIA AND AOTEA SEAWALLS

We are proposing we change the way we rate for Kāwhia and Aotea seawalls. Instead of property owners in Kāwhia and Aotea paying separately for the upkeep of their seawalls, we are now proposing to apply a single targeted rate for all three walls across both communities. This proposed change makes the costs for seawalls clearer, more explicit and shares the burden of maintaining the seawalls across a greater number of ratepayers, reducing the impact on individual properties in Aotea.

Our reasons for continuing to invest in our seawalls include:

- Economic - maintaining the attractiveness and desirability of public and private property in both harbours has benefits for the entire area and not just the individual communities
- Community unity - protecting where people live helps to keep communities strong and together
- Environmental - well-maintained seawalls provide crucial protection against coastal erosion and flooding, preserving the natural environment. These walls also protect two of our most notable trees, Te Papa o Karewa and Tangi te Korowhiti. By investing in the upkeep of these walls, the communities of Kāwhia and Aotea show their commitment to safeguarding our coast for future generations.

If you would like to tell us what you think about our proposal please refer to our Consultation Document.





WEAVING THE
FUTURE, TOGETHER
KOTAHITANGA
ŌTOROHANGA DISTRICT COUNCIL

DRAFT RATES REMISSION POLICY

ŌTOROHANGA DISTRICT COUNCIL

MARCH 2024



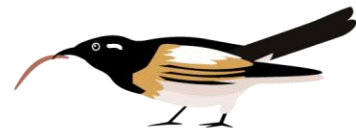
Te Kaunihera ā-Rohe o
Ōtorohanga
District Council
Where kiwi can fly



CONTENTS

| | |
|---|---|
| GENERAL | 3 |
| INSTALMENT PENALTIES | 3 |
| ARREARS PENALTIES WHERE A PAYMENT ARRANGEMENT IS IN PLACE | 4 |
| COMMUNITY, SPORTING AND OTHER ORGANISATIONS | 4 |
| WASTEWATER CHARGES TO SCHOOLS | 5 |
| COVENANTED LAND. | 5 |
| RATING UNIT AFFECTED BY CALAMITY | 5 |
| NEW SUBDIVISIONS | 6 |
| UNIFORM CHARGES ON CONTIGUOUS PROPERTIES..... | 6 |
| RATING UNITS WITH A CAPITAL VALUE OF \$3,000 OR LESS | 6 |
| EXCESS WATER CONSUMPTION | 7 |
| RATING UNITS CONTAINING TWO SEPARATELY HABITABLE UNITS..... | 7 |
| EXTREME FINANCIAL HARDSHIP | 7 |
| INSTITUTIONS PROVIDING CARE FOR THE ELDERLY AND DISADVANTAGED PERSONS | 8 |

| APPROVAL AND REVIEW | DETAILS |
|---------------------|-------------------------------------|
| Approval authority: | Council, CEO |
| Administrator: | |
| Effective date: | 1 July 2024 |
| Next review date: | 30 June 2030 or earlier as required |



GENERAL

Section 85 of the Local Government (Rating) Act 2002 states a council can remit all or part of the rates of a rating unit if a remission policy has been adopted under the Local Government Act. This policy has been prepared in accordance with Section 109 of the Local Government Act 2002¹, and may be amended or revoked using a consultation process that gives effect to the requirements of Section 82 of that Act.

Types of remissions covered by this policy are:

- Instalment penalties
- Arrear penalties
- Community, sporting and other organisations
- Wastewater charges to schools
- Covenanted land including Queen Elizabeth National Trust
- Rating unit affected by calamity
- New subdivisions
- Uniform charges on contiguous properties
- Rating units with a capital value of \$3,000 or less
- Excess water consumption
- Two separately habitable units
- Extreme financial hardship
- Care for the elderly and disadvantaged persons.

The following information is provided for each remission type:

- Objective(s) sought to be achieved by remission of rates
- Conditions and criteria to be met in order for rates to be remitted including penalties payable on unpaid rates.

INSTALMENT PENALTIES

A remission of 100 percent instalment penalties will be granted in the following circumstances, where:

- The ratepayer elects to pay the annual rates by way of a regular payment arrangement to have rates cleared by 31st May of each year.
- The ratepayer has omitted to pay a rates instalment in time due to extraordinary circumstances as approved by the General Manager Business Enablement.
- The ratepayer has missed a penalty date but has otherwise a record of paying rates on time.

OBJECTIVES

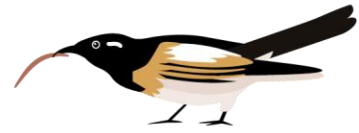
- To facilitate the payment of rates allowing ratepayers to pay their rates by way of an agreed regular payment arrangement over a specified time period.
- To recognise the occurrence of late rates instalment payments in certain circumstances

CONDITIONS AND CRITERIA

- Ratepayers paying their rates by way of payment arrangements must make regular payments of specified amounts, as agreed by the Council.

¹

www.legislation.govt.nz/act/public/2002/0084/latest/DLM172372.html



- The ratepayer has made a late payment, but has made all rates payments on time during the previous three years; or if the ratepayer has owned the property for less than 12 months, from the time they purchased the property.
- The ratepayer can demonstrate that late payment has been made because of extraordinary circumstances.
- The Group Manager Business Enablement has delegated authority to determine whether a request for remission should be granted or refused.

ARREARS PENALTIES WHERE A PAYMENT ARRANGEMENT IS IN PLACE

A remission of 100 percent of arrears penalties may be applied to rates accounts in respect of which a payment arrangement is in place and is being honoured (i.e. regular payments of specified amounts are made as agreed between the ratepayer and Council which will allow outstanding rates to be repaid in full).

OBJECTIVE

To facilitate the payment of rates by allowing ratepayers to pay their rates by way of an agreed payment arrangement.

CONDITIONS AND CRITERIA

- The payment arrangement is being honoured, i.e. ratepayers must pay certain amounts at regular intervals as agreed between the ratepayer and Council.
- If current rates and rate arrears are paid through a payment arrangement, the payments must have the effect of reducing rate arrears, before a remission of arrears penalties is considered.
- In considering whether a remission is granted in respect of rates accounts with outstanding balances, the Council may take into account the reasons for the arrears.
- The Group Manager Business Enablement has delegated authority to grant or refuse remission in respect of accounts with outstanding balances.

COMMUNITY, SPORTING AND OTHER ORGANISATIONS

OBJECTIVES

- To facilitate the on-going provision of non-commercial (non-business) community services and/or sporting and recreation opportunities that meets the needs of Otorohanga district's residents;
- To provide rating relief to Council community properties, sporting, recreation and other community organisations; and
- To make membership of the sporting, recreation and other community organisations more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, older persons and economically disadvantaged people.

CONDITIONS AND CRITERIA

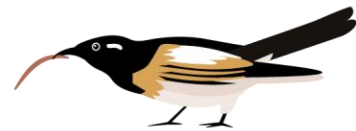
The policy may apply to land owned by the Council which is used exclusively or principally for community purposes, sporting, recreation, or to land which is owned and occupied by a charitable organisation and used exclusively or principally for sporting, recreation or other community purposes.

The policy does not apply to:

- Organisations operated for private pecuniary profit, or those which charge commercial tuition fees; and
- Groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.

Under this policy the following rate remission may apply to the Council and those sporting, recreation and other community organisations which qualify, with the exception of targeted rates for water supply, sewage disposal or refuse collection.

- A remission of the 50 percent residual rates will be given to those societies and associations who qualify for the 50 percent non-rateable category under Schedule 1, Part 2 of the Local Government (Rating) Act 2002.



WASTEWATER CHARGES TO SCHOOLS

OBJECTIVE

To provide relief and assistance to educational establishments in paying wastewater charges.

CONDITIONS AND CRITERIA

This policy will apply to educational establishments as defined in Schedule 1 Part 1 clause 6 (a-b) of the Local Government (Rating) Act 2002. It does not apply to school houses or any part of a school used for residential purposes.

Wastewater charges for schools will be calculated based upon a notional number of pans as follows:

Staff plus pupils² / 20 = number of pans

The wastewater charge for the educational establishment will be charged at:

- 100 percent for the first four pans
- The fifth to tenth pan charges will be discounted to 75 percent
- All pan charges exceeding ten will be discounted to 50 percent.

The policy applies to all wastewater charges including Uniform Targeted Rates and Targeted Rates for debt servicing.

COVENANTED LAND.

OBJECTIVES

- To provide for relief for land where an open-space covenant under Section 22 of the Queen Elizabeth the Second (QE2) National Trust Act 1977 has been registered against the title of a property.
- To provide relief for land where a covenant or consent notice is registered on the title to the land to secure an appropriate interest in perpetuity for conservation, heritage and cultural purposes under the Resource Management Act 1991 or Reserves Act 1977.

CONDITIONS AND CRITERIA

The Local Government (Rating) Act 2002 provides for land owned or used by the QE2 National Trust to be non-rateable.

- Where the land to which the covenant relates remains in the ownership of the ratepayer, the covenanted land will be eligible for a remission of rates.
- Where a covenant or consent notice under the Resource Management Act 1991 as described in the objective above is registered, the covenanted land will be eligible for a remission of rates.

The remission applied will be 100 percent of all rates other than targeted rates for water supply, sewerage disposal and refuse collection.

RATING UNIT AFFECTED BY CALAMITY

OBJECTIVE

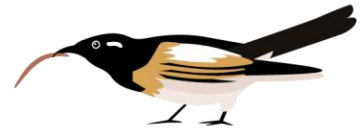
To permit the Council to remit part or whole of the rates charged in any financial year on any land that has been detrimentally affected by erosion, subsidence, submersion, or other calamity.

CONDITIONS AND CRITERIA

The Council may remit the rates charged on a rating unit if:

- The property is detrimentally affected by erosion, subsidence, submersion, or other natural calamity; or

² Pupil numbers are the number of pupils on the roll on March 1 in the year immediately before the year in which the charge relates. The number of staff is the number of full time equivalent and administration staff employed on 1 March immediately before the year in which the charge relates.



- The property is unable to support the activity which it was used prior to the calamity. For example a residence or commercial building that is unable to be occupied as a result of a calamity.

Rates remissions will only be considered and made following the receipt of an application by a qualifying property in respect of the financial year in which the application was received. There will be no backdating of rates remissions.

Rates remissions (for part or all) may be applied to all rates charged on qualifying properties.

NEW SUBDIVISIONS

All Uniform Charges - with the exception of targeted rates for Refuse, Water and Sewerage - may be remitted for the second and subsequent lots of a new subdivision as long as the lots remain unsold and unoccupied.

OBJECTIVE

To facilitate subdivision development in the Ōtorohanga District.

CONDITIONS AND CRITERIA

- The subdivided new lots must be unsold and unoccupied
- Rates remission will apply to the second and subsequent lots of the subdivision.

UNIFORM CHARGES ON CONTIGUOUS³ PROPERTIES

All ratepayers will pay at least one set of Uniform Targeted Rates⁴.

OBJECTIVE

To provide for the remission of rates where two or more sets of Uniform Targeted Rates are set on rating units that are:

- Contiguous; and
- Owned and/or occupied by the same person or persons; and
- Used jointly for a single residential or farming use.

CONDITIONS AND CRITERIA

- The rating unit must be contiguous
- The policy applies to ratepayers who are recorded as ratepayers of two or more separate rating units. Each rating unit will attract a set of uniform targeted rates.
- The rating unit must:
 - In the case of an urban property, be owned by the same ratepayer/s who use the rating units jointly as a single residential property, or
 - In the case of a rural property, be separately occupied by the same ratepayer/s who uses the rating units jointly as a single purpose.

RATING UNITS WITH A CAPITAL VALUE OF \$3,000 OR LESS

OBJECTIVE

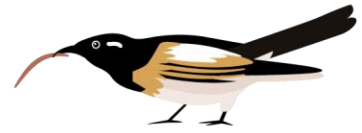
To allow Council to act fairly, reasonably and efficiently where rating units have capital valuations of \$3,000 or less.

CONDITIONS AND CRITERIA

Rating units that have a registered capital value of \$3,000 or less held in the District Valuation Roll as at 30 June for the current rating year are eligible for remission of rates.

³ Definition of Contiguous: Sharing an edge or boundary; touching; or separated only by a road, railway, drain, water race, river or stream.

⁴ A set of uniform targeted rates refers to the Uniform Annual General Charge and all Uniform Targeted rates with the exception of targeted rates for Refuse, Water and Sewerage.



The remission applied will be 100 percent of all Ōtorohanga District Council rates that have been assessed for the rating unit. The Group Manager Business Enablement, under delegated authority, may apply this remission on the ratepayers behalf.

EXCESS WATER CONSUMPTION

OBJECTIVE

To enable the Council to provide relief to ratepayers who have metered properties and have suffered excessive water consumption due to a leak or other similar circumstances.

CONDITIONS AND CRITERIA

On written application of the ratepayer, Council may remit 100 percent of excess water use for the first affected billing period, and 50 percent for the second affected billing period, provided that:

- Excess water consumption has occurred through a broken or leaking pipe that realistically was not observable or otherwise noticeable or some other exceptional circumstances; and
- Evidence is provided that the fault has been remedied; and
- No other application for remission for excess water use on the particular meter had been granted in the previous two years or at the discretion of the Group Manager Business Enablement.

After two consecutive periods, no remission will apply.

The amount of the remission will be the difference between the average consumption of the property prior to the leak, as deemed reasonable by Council, and the consumption over and above the average.

Decisions for remission of water-by-volume rates for rating units will be delegated to the Group Manager Business Enablement.

RATING UNITS CONTAINING TWO SEPARATELY HABITABLE UNITS

OBJECTIVE

To enable the Council to provide relief for ratepayers who own a rating unit containing two habitable units but who use the second unit only to accommodate non-paying guests and family.

CONDITIONS AND CRITERIA

On written application of a ratepayer annually, Council may remit second targeted rates for Water, Wastewater and Refuse Collection, provided that:

- Their rating unit contains two habitable units; and
- The second unit is used only for family or friends of the occupants of the first unit on a non-paying basis; and
- The application is accompanied by a Statutory Declaration made by the ratepayer that declares that the previous bullet point has been complied with for the current rating year and will continue to be complied with in the ensuing year.

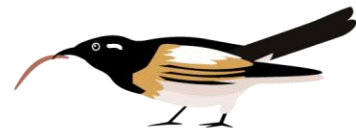
If a rating unit contains more than two habitable units used by non-paying guests and family, only one is entitled to remission.

The application for remission must be made to the Council prior to commencement of the rating year (1 July). Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

EXTREME FINANCIAL HARDSHIP

OBJECTIVE

To provide relief for residential ratepayers experiencing extreme financial hardship.



APPLICATIONS

- Where an application for rates relief due to extreme financial hardship is received, Council may remit all or part of rates relating to a rating unit.
- Applications on the grounds of extreme financial hardship are considered only when exceptional financial circumstances exist. Approved remissions are therefore a result of an extraordinary situation and should be recognised as an exception from the ratepayer's legal obligation to pay rates.
- An application can be lodged in any year that such hardship exists.
- Applications received that meet the criteria of this policy will be considered by Council on a case-by-case basis.
- The Group Manager Business Enablement has delegated authority to decline an application or remit rates, including arrears, of up to \$2,000 in any one case.

CONDITIONS AND CRITERIA

- Preference will be given to rating units used solely for residential purposes (as defined by Council)
- A ratepayer making an application must be the registered owner and occupier.
- A ratepayer making an application must not own any other rating units or investment properties (whether in the district or in another district).
- The ratepayer must supply sufficient evidence, including financial statements, to satisfy the Council that extreme financial hardship exists.
- When considering an application, the ratepayer's personal circumstances will be relevant such as age, physical or mental ability, injury, illness and family circumstances.
- Before approving an application, Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after making the payment of rates, for normal health care, proper provision for maintenance of their home and chattels at an adequate standard as well as making provision for normal day to day living expenses.
- The applicant must provide sufficient evidence on how they plan to meet their rating commitment going forward.
- It is expected that the ratepayer will pay a minimum of the value of the Uniform Annual General Charge per annum towards his/her rates account. However, each case will be considered on its merits.
- If the applicant is eligible for a Rates Rebate then such application must be made at the time of applying for rates relief due to extreme financial hardship.

INSTITUTIONS PROVIDING CARE FOR THE ELDERLY AND DISADVANTAGED PERSONS

A 100 percent remission of all rates - excluding targeted rates for Water, Wastewater and Refuse Collection - may be applied to land owned or used by charitable institutions and groups which provide care of the aged and disadvantaged persons.

OBJECTIVES

- To facilitate the operation of charitable groups and institutions.
- To support the services provided by such groups and institutions.

CONDITIONS AND CRITERIA

- Charitable organisations must provide care on a non-profit basis.
- An application for rates⁵ remission must be made to the Council prior to the commencement of the rating year; rates remissions will not be applied during the rating year or retrospectively.
- The application must include the following information in support of the application:
 - Objectives of the organisation.
 - Funding and financial information
 - Information on activities and programmes

⁵

Rates includes penalties payable on unpaid rates.



- No rates remission will be granted in respect of Targeted rates for Water, Wastewater or Refuse Collection.

The Group Manager Business Enablement has delegated authority to determine whether the organisation qualifies for rates remission.





WEAVING THE
FUTURE, TOGETHER
KOTAHITANGA
ŌTOROHANGA DISTRICT COUNCIL

DRAFT RATES REMISSION ON MĀORI FREEHOLD LAND POLICY

ŌTOROHANGA DISTRICT COUNCIL

MARCH 2024

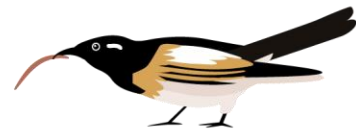


Te Kaunihera ā-Rohe o
Ōtorohanga
District Council
Where kiwi can fly



| APPROVAL AND REVIEW | DETAILS |
|---------------------|-------------------------------------|
| Approval authority: | Council, CEO |
| Administrator: | |
| Effective date: | 1 July 2024 |
| Next review date: | 30 June 202? or earlier as required |





PURPOSE

This Policy aims to ensure the fair and equitable collection of rates from all sectors of the community while recognising that certain Māori-owned lands have particular conditions, features, ownership structures or other circumstances that make it appropriate to provide relief from rates.

OBJECTIVES

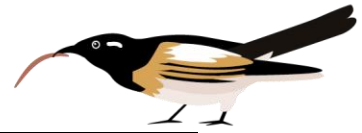
The remission of rates on Māori freehold land is to:

- Recognise situations where a person has effectively inherited rates arrears from a deceased owner.
- Recognise where multiple rating units of Māori Freehold Land should be treated as one for the purpose of calculating rates if they are used as one economic unit.
- Recognise where multiple homes on a rating unit of Māori freehold land should have separate rate accounts if the owner requests, which will enable owners to access rates rebates.
- Recognise situations where there is no occupier or person gaining an economic or financial benefit from the land.
- Encourage the setting aside of land that is better set aside for non-use because of its natural features (whenua rāhui).
- Recognise matters related to the physical accessibility of the land.
- Recognise and take account of the presence of wāhi tapu that may affect the use of the land for other purposes.
- Grant remission for the portion of land not occupied where part only of a block is occupied.
- Facilitate the development or use of the land where the Council considers rates based on land value make the use of the land uneconomic.
- Recognise and take account of the importance of land in providing economic and infrastructure support for marae and associated papakāinga housing.
 - Recognise and take into account the importance of the land for community goals relating to: The preservation of the natural character of the coastal environment.
 - The protection of outstanding natural features.
 - The protection of significant indigenous vegetation and significant habitat of indigenous fauna.

LEGISLATION

- Section 102(1) and (2) of the Local Government Act 2002 (the LGA) provides that Te Kaunihera o Ōtorohanga (the Council) must adopt a policy on the Remission and Postponement of Rates on Māori Freehold Land (the Policy).
- Section 102(3A) of the LGA provides that the Council must support the principles set out in the preamble to Te Ture Whenua Māori Act 1993.
- Section 108 of the LGA provides what the policy must contain.
- Section 114 of the Local Government (Rating) Act 2002 provides that the council may remit all or part of the rates (including penalties for unpaid rates) on Māori freehold land if its policy includes provision for the remission of rates and is satisfied that the conditions and criteria in the policy have been met.
- Section 108(4A) of the LGA provides that this policy must be reviewed every six years.





PREAMBLE TO TE TURE WHENUA MĀORI ACT 1993

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

CONDITIONS AND CRITERIA

The Council will maintain a register titled the Māori Land Rates Relief Register for the purpose of recording properties on which it has agreed to remit rates under this policy. The Register will comprise two category lists:

- The Māori Land General Remissions List; and
- The Māori Land Economic Adjustment Remissions List

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

- Details of the property
- The objectives that will be achieved by providing a remission; and
- Documentation that proves the land, which is the subject of the application, is Māori freehold land.

The Council may, at its discretion, add properties to the lists. Relief, and the extent thereof, is at the sole discretion of the Council and may be cancelled or reduced at any time.

MĀORI LAND GENERAL REMISSIONS LIST

The Council will consider remission of rates on land that comes within the following criteria:

- The land is:
 - Unoccupied and no income is derived from the use or occupation of that land; or
 - Better set aside for non-use (whenua rāhui) because of its natural features; or
 - Inaccessible and unoccupied; or
 - Occupied only in part.
- Whether the land qualifies for the statutory remission of rates for Māori freehold land under section 114 of the Local Government (Rating) Act 2002.
- Whether rates should be remitted because a person has effectively inherited rates from a deceased owner.

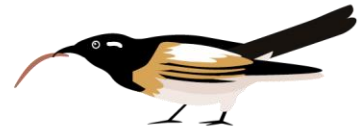
MĀORI LAND ECONOMIC ADJUSTMENT REMISSIONS LIST

OBJECTIVE

Council recognises that there is a need to incentivise economic development on Māori Freehold Land. Enabling and incentivising Māori Freehold economic development through the remission of rates may see direct economic and social benefits to landowners generating a return on the land, as well as to Council from future rates contributions, as the venture grows and becomes sustainable.

The objective for remission under this category is:

- To provide an incentive to assist the conversion of otherwise unoccupied or unproductive Māori Freehold Land, to an economic use through a progressive stepped application of a full liability for the payment of rates, over a five-year period.



CONDITIONS AND CRITERIA

Where there is an intention to make economic use of the land, or a clear intent to progressively develop the economic use of the land over time, Council will enter into a remission of rates arrangement with the Trustee/ Owner(s) or Occupier(s) where the Council is satisfied such an arrangement will encourage economic use through development over time.

Applicants must provide:

- a. A written plan setting out the planned economic use of the land or the planned economic development against a five-year timeline prepared by a suitable person holding authority over the land and responsible for the planned use.
- b. Any other documentation that the Council may require to make an assessment.

EXTENT OF REMISSIONS

At Council's discretion during the annual review and/or with negotiations with the land owner/s or trustees, a staged rates requirement will be implemented according to the following schedule:

- | | |
|----------|---|
| • Year 1 | Not less than 20% payable for that year |
| • Year 2 | Not less than 40% payable for that year |
| • Year 3 | Not less than 60% payable for that year |
| • Year 4 | Not less than 80% payable for that year |
| • Year 5 | 100% payable for that year. |

No remission will be granted on Targeted Rates for water supply, sewage disposal, and solid waste collection services.

POSTPONEMENT OF RATES

Council's policy does not provide for the postponement of rates on Māori freehold land, as security cannot be taken against Māori freehold land for postponed rates. Council will remit rates where it considers rates relief is appropriate, as set out in this policy.