



Draft

# Revenue and Financing Policy 2021

STATEMENT OF PROPOSAL

12 April - 12 May 2021

[www.mdc.govt.nz](http://www.mdc.govt.nz)

The Revenue and Financing Policy sets out all the potential sources of income available to Council and how it intends to use each of those sources when it comes to capital and operational expenditure. While Council's draft Revenue and Financing Policy 2021 is largely the same as the 2018 policy, there are a few proposed changes that will result in a more equitable allocation of rates across our ratepayer base.

None of these changes are major. It is more like a policy tune up. Along with some minor changes to clarify the purpose and language in the policy, we are proposing a few small recalibrations.

## **Proposed recalibrations to the policy**

1. Clarified definitions of public and private funding (page 3)
2. Adjustment of some funding splits (page 6)
3. Adjustment of some funding sources (page 10)

## **Your feedback**

This pamphlet explains the proposed changes to the Revenue and Financing Policy. Your feedback is invited between 12 April and 12 May 2021.

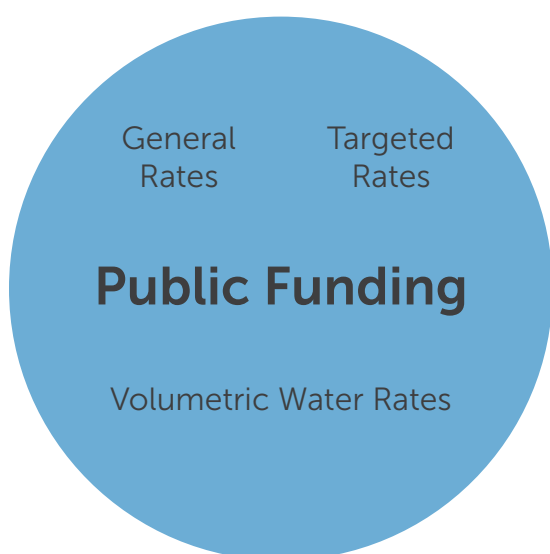
There are a number of ways you can provide feedback. See page 13 for the details.

## Proposal One: CLARIFIED DEFINITIONS OF PUBLIC AND PRIVATE FUNDING

In the current Revenue and Financing Policy (2018), Council doesn't state how it defines "public" and "private" sources of funding.

Council is proposing to define its terms more clearly:

- **Public funding** - funding received from rates under the definition set out in the Local Government Act 2002
- **Private funding** - funding received from any source that is not rates



### Implications of proposal

This change will result in a reclassification of some targeted rates from **private** to **public** funding.

In the 2018 policy there were three types of targeted rates that had been inconsistently classified as private funding:

- Fixed targeted rates
- Scheme specific targeted rates
- Uniform targeted rates (Feilding CBD only)

Council's definition of public funding in the proposed 2021 policy includes **all** rates and clears up this inconsistency.

It is important to note that from the ratepayer's point of view this change would not affect how much you pay in rates, it is simply a matter of more clearly defining the terms used in the policy.

## Council activities affected by this proposal:

Seven activities would be affected by this change. Notice that in all seven cases, the targeted rates have been reclassified as public funding. Six of these activities are now properly described as being 100% publicly funded. For the wastewater activity, the reclassification means that this activity is now 70% publicly funded and 30% privately funded.

Remember: the changes are simply the result of the reclassification of some targeted rates from private to public, they will not affect how rates are calculated.

### FEILDING CBD SECURITY

#### 2018 Policy



#### 2021 Policy (proposed)

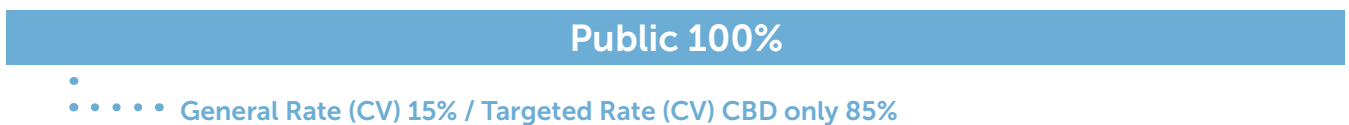


### FEILDING CBD REDEVELOPMENT

#### 2018 Policy

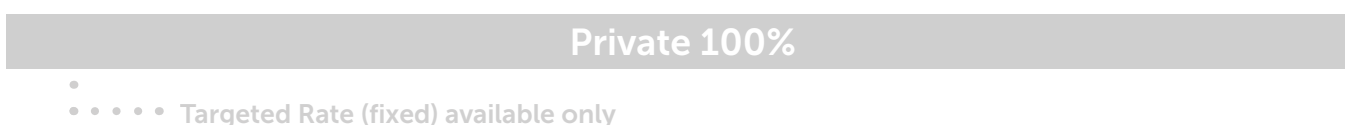


#### 2021 Policy (proposed)

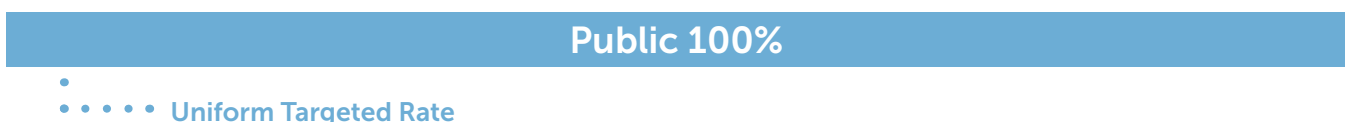


### KERBSIDE RECYCLING COLLECTION

#### 2018 Policy



#### 2021 Policy (proposed)



## RURAL LAND DRAINAGE

2018 Policy



- 
- Targeted rate (CV) Scheme Specific

2021 Policy (proposed)



- 
- Targeted rate (LV) Scheme Specific

## URBAN STORMWATER

2018 Policy



- 
- General Rate (CV) 20%
- 
- Targeted Rate (fixed scheme only)

2021 Policy (proposed)



- 
- General Rate (CV) 20% / Uniform Targeted Rate 80%

## WASTEWATER

2018 Policy



- 
- Targeted rate (fixed) [connected/available/restricted]/user fees and charges [trade waste charges, voluntary volumetric]

2021 Policy (proposed)

for an explanation of the range in the public/private split for this activity see page 6.



- 
- Targeted Rate (fixed) [connected/available/restricted]
- 
- User fees and charges [trade waste, rental and lease]

## WATER SUPPLY

2018 Policy



- 
- Targeted rate (fixed) [connected/available/restricted]/user fees and charges [water by metre - commercial, extraordinary users, voluntary volumetric]

2021 Policy (proposed)



- 
- Targeted Rate (fixed) [connected/available/restricted]/water by Metre Rate (volumetric)



## Proposal two: ADJUSTMENT OF SOME FUNDING SPLITS

For some Council activities, external circumstances can cause a fluctuation from year to year in the amount of private funding received. The current policy has a fixed public/private split for all activities, which means that Council has no flexibility to respond to funding fluctuations.

**Council is proposing to allow a small range in the public/private split for eight activities which will allow some funding flexibility when external circumstances result in the private portion of income being different than expected for those activities.**

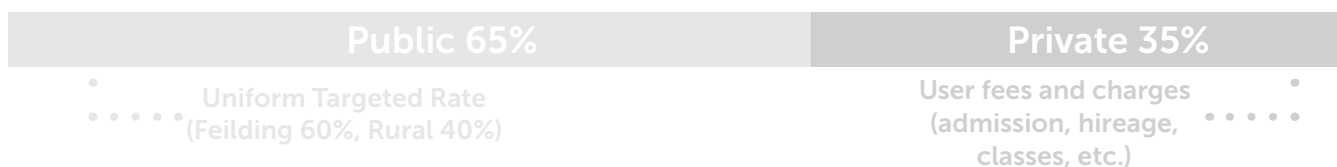
For example, the current policy states that 65% of the cost of operating the Makino Aquatic Centre ('the MAC') is paid for using rates and 35% is paid for with user fees (admission fees, swim school fees, etc.).

A shorter, cooler summer means less income for the MAC because fewer people come to swim. This results in a shortfall in operating revenue. If the amount of annual income received from user fees doesn't total 35% of the operating costs Council is not able to cover the annual operating costs for the MAC. The proposed change to a small range in the public/private split will allow Council to cover the shortfall using rates.

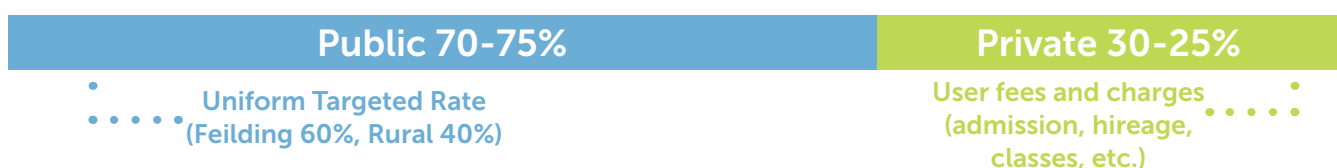
On the other hand, in the wastewater activity, the existing funding split is 80% public (rates) and 20% private (volumetric charging). Council has identified an additional revenue stream of crop harvesting from the discharge-to-land area at the wastewater treatment plant. This has resulted in additional revenue requiring less reliance on rates. The proposed range in the funding split will allow for the ability to take up other funding opportunities.

### MAKINO AQUATIC CENTRE

#### 2018 Policy

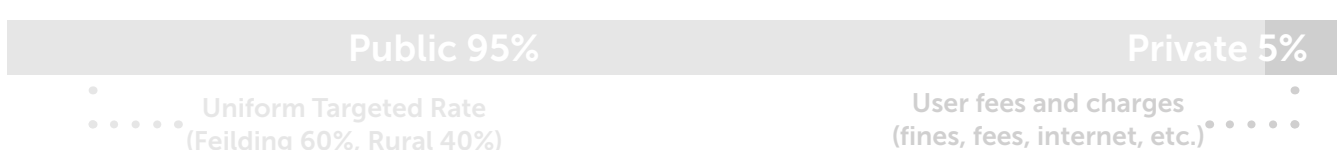


#### 2021 Policy (proposed)



### LIBRARIES

#### 2018 Policy

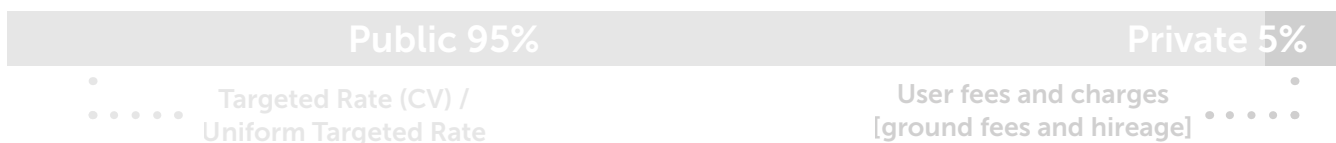


#### 2021 Policy (proposed)

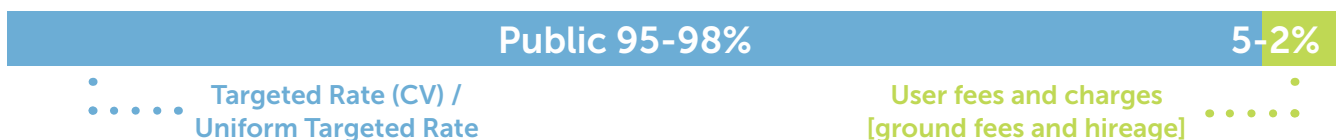


## PARKS, RESERVES AND SPORTS GROUNDS

### 2018 Policy

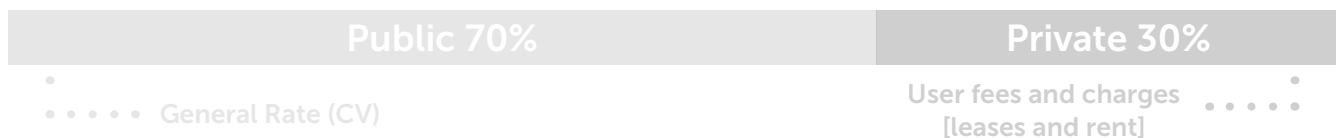


### 2021 Policy (proposed)

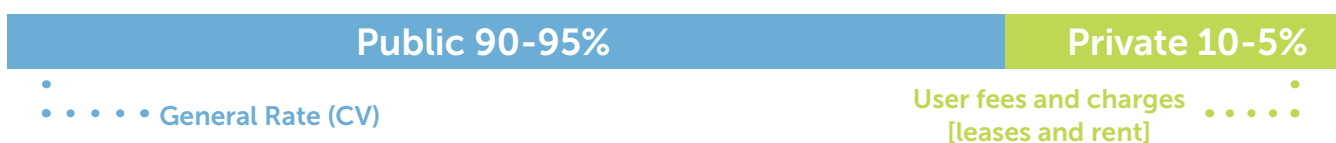


## PROPERTY

### 2018 Policy



### 2021 Policy (proposed)

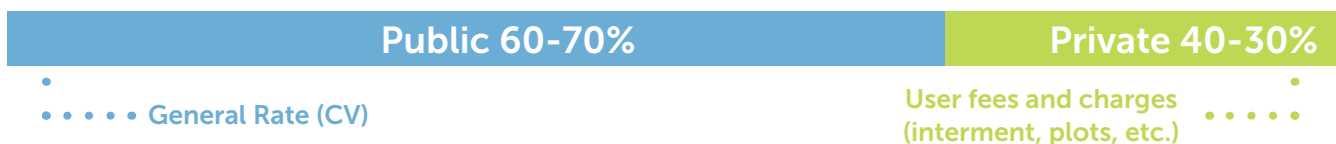


## CEMETERIES

### 2018 Policy



### 2021 Policy (proposed)

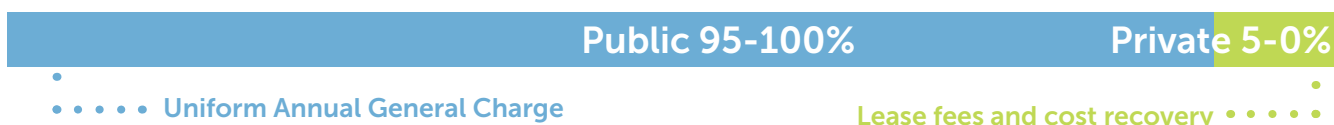


## HALLS AND RECREATIONAL COMPLEXES

### 2018 Policy



### 2021 Policy (proposed)

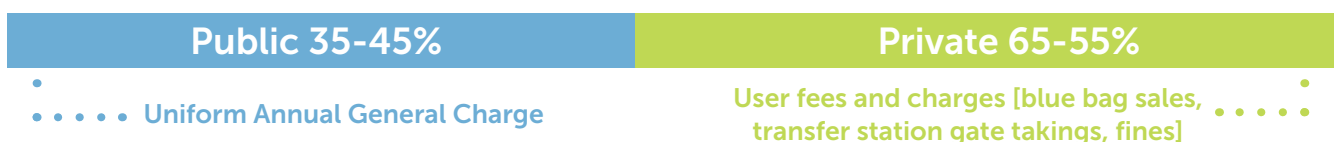


## SOLID WASTE COLLECTION AND DISPOSAL

### 2018 Policy



### 2021 Policy (proposed)

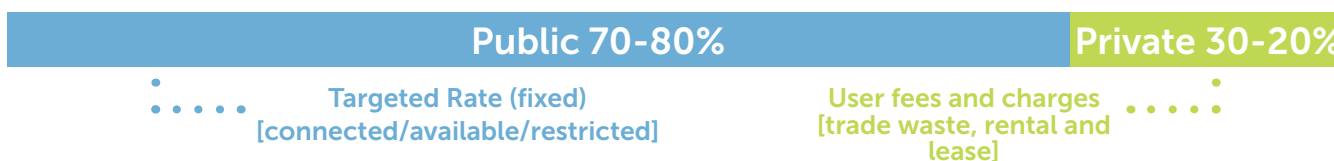


## WASTEWATER

### 2018 Policy



### 2021 Policy (proposed)





## GOVERNANCE AND STRATEGY

### 2018 Policy



•  
• • • • Uniform Targeted Rate

### 2021 Policy (proposed)



•  
• • • • General Rate (CV) 50% / Uniform Annual General Charge 50%

Election related revenue during an election year

• • • • •

## COMMUNITY DEVELOPMENT

### 2018 Policy



•  
• • • • General Rate (CV)

### 2021 Policy (proposed)



•  
• • • • General Rate (CV)

Grants • • • • •

## Proposal Three: ADJUSTMENT OF SOME FUNDING SOURCES

To keep rates as fair as possible, the Local Government (Rating) Act 2002 says that the amount gathered by Council in uniform rates<sup>1</sup> must not be more than 30% of Council's total rates revenue.

The way Manawatū District Council's rates have been structured until now has meant that we were getting close to that 30% limit.

**Council is proposing to restructure the way some of our activities are funded in order to keep the uniform rates we gather under the 30% limit.**

This restructuring must be done through changes to the Revenue and Financing Policy.

Every activity of Council is funded using a different combination of funding sources depending on who benefits from that service. Council has a range of funding sources that can be applied to each activity, but it is up to Council to determine the most appropriate balance in order to keep rates fairly distributed.

### What do we mean by "funding sources"?

On page 3 we discussed the difference between **public** and **private** funding. The graphic on page 3 shows the different kinds of public funding and private funding. These different kinds of funding are what we mean by **funding sources**.

There are different kinds of **public funding sources**, eg. the general rate, the uniform annual general charge, etc.

There are different kinds of **private funding sources**, eg. admission fees, fines, consent fees, government subsidies, etc.

<sup>1</sup> Uniform annual general charges (UAGC) and uniform targeted rates (UTR)

**There are several different kinds of rates. The three referred to in this section are:**

**General Rate:** A rate that funds activities that are of benefit to all residents and are therefore not charged to specific users. Council calculates the general rate using the capital value (CV) of the property so it is different for each property depending on its capital value.

**Uniform Rates:**

- **Uniform Annual General Charge (UAGC):** A fixed amount applied to every rating unit in the district, regardless of location, size, value or other factors. In the Manawatū District, the UAGC was \$647.00 for 2020/21.

- **Uniform Targeted Rate (UTR):** A fixed amount applied to a specific Council activity. The amount may be different depending on location. For example the Makino Aquatic Centre (MAC) Targeted Rate is an amount charged to all rating units in the district but is applied only to the costs of the MAC. UTRs can be weighted differently for Feilding and rural ratepayers, for example. Feilding ratepayers pay slightly more than those outside Feilding (\$185/year and \$131/year, respectively). This weighting is called a differential.

If the property does not receive the service, it is not rated for it. An example of this is kerbside recycling, which is available only in some areas.

### Activities that would be affected by this change

- Cemeteries
- Governance
- Emergency management
- District Plan

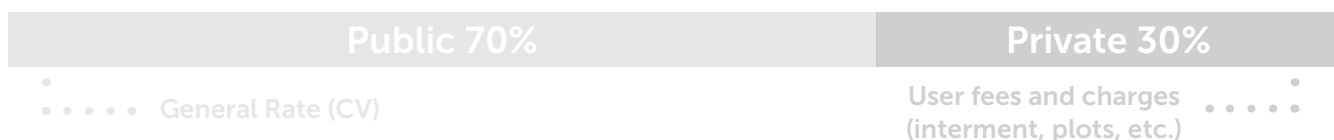
In relation to cemeteries, governance, emergency management and the District Plan, Council is proposing to weight the revenue source more towards the general rate which is calculated based on the capital value of each property as it is recognised that all ratepayers have equal access to, and receive equal benefit from, these activities. That means less revenue would be received from a uniform rate which keeps Council under the limit of 30%.

### CEMETERIES

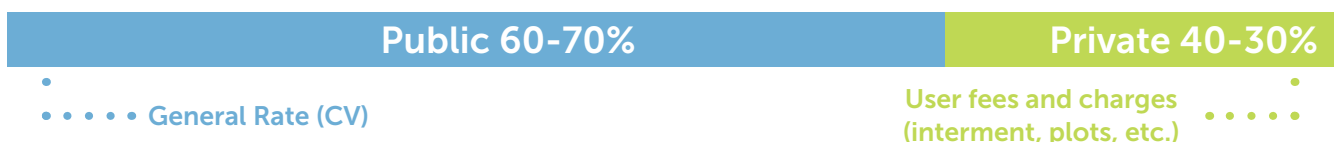
The cemeteries activity is funded mostly by rates (70%) and partly by user fees and charges (30%).

Council is proposing to change the type of rate from a **uniform targeted** rate to a **general rate**. This means that the amount that each ratepayer contributes to the operating costs of cemeteries in the district is determined by the capital value of their property.

#### 2018 Policy



#### 2021 Policy (proposed)

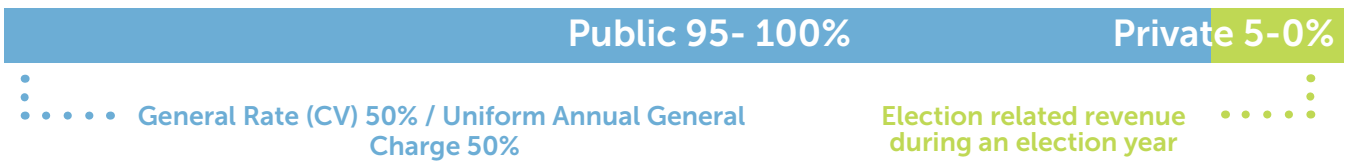


## GOVERNANCE

The governance activity of Council is funded completely by rates, except in a Council election year when up to 5% may be funded privately through election candidate deposits. Currently the public component is funded fully by the uniform targeted rate. Council is proposing to change this to a 50/50 split between the general rate (determined by capital value) and a uniform annual general charge (a standard amount that each ratepayer is charged).



### 2021 Policy (proposed)

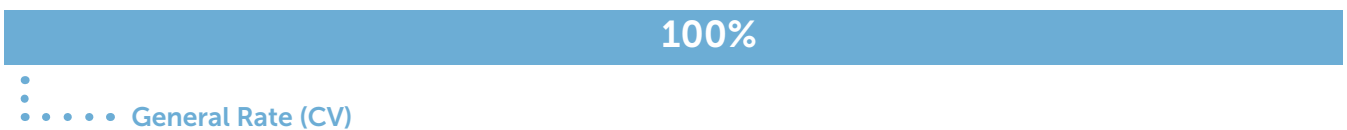


## EMERGENCY MANAGEMENT

The emergency management activity of Council is also funded completely by rates. However Council is proposing to change the type of rate used to fund it. Rather than it being funded by a uniform targeted rate, it is proposed that it will be funded by the General Rate. This means that the amount each ratepayer contributes to the costs of emergency management in the district is different, depending on the capital value of their property.



### 2021 Policy (proposed)



## DISTRICT PLAN

The district planning activity of Council is funded completely by rates. Currently it is funded fully by the uniform targeted rate. Council is proposing to change this to a 76/24 split between a uniform annual general charge (a standard amount that each ratepayer is charged) and the general rate (determined by capital value) to be consistent with the rest of the regulatory activity.



### 2021 Policy (proposed)



## CONSULTATION PROCESS

### Public Consultation Period – 12 April to 12 May

We would like to hear your thoughts on the draft Revenue and Financing Policy. Please get in touch during April to share your feedback on the proposals. There are a number of ways you can do this:

1. Submit feedback online at [mdc.govt.nz](http://mdc.govt.nz), or
2. Fill in the feedback form on page 14 and send it (or drop it off) to Council at Private Bag 10 001, Feilding 4743.
3. Send us an email at [submissions@mdc.govt.nz](mailto:submissions@mdc.govt.nz)
4. If writing is not your thing, we can help you get your thoughts down. To find out more about this, call Rebecca Bell, Strategy Manager, Manawatū District Council on 06 323 0000.

### Hearings: 18, 19, 21 May

You can come and give your feedback to Council in person. If you have given your feedback through any of the methods listed above and you would like to come to speak to Council and we will be in touch to confirm a time slot during one of the sessions.

### Deliberations: 31 May

After all the feedback (written, and in-person) has been received, Council discusses the proposals in the light of what the public has told us and decides what changes it is going to go ahead with.

### Adoption: 29 June

The final draft of the Revenue and Financing Policy is formally adopted at a Council meeting.

**Please note:** Hearings, deliberation and adoption meetings are open to the public (as are all Council meetings). You are invited to attend. The details will be advertised closer to the time.

**As well as the Revenue and Financing Policy Manawatū District Council is consulting on several other important draft plans and policies at the same time. We would like to hear what you think about them:**

**10 Year Plan** – This plan sets out Council's projected income, budget and key projects for 2021-31.

**Development and Financial Contributions Policy** – This policy seeks to ensure that a fair, equitable, and proportionate share of the cost of the District's growth infrastructure is funded by those driving the development.

**Development Contribution Rebate Policy and Scheme** – Council believes there are situations where there is a significant benefit to the wider community from promoting particular types of development or development in certain locations. Providing a rebate of development contributions is one way the Council can seek to encourage development it considers provides these wider community benefits.

Consultation dates for these documents are also 12 April to 12 May 2021. Find out more about each of the plans and policies above and how you can give your feedback at [mdc.govt.nz](http://mdc.govt.nz)

# Feedback form

## Revenue and Financing Policy 2021

Please provide your feedback by 12pm, Wednesday 12 May 2021. There are a number of ways you can share your feedback:

1. Submit feedback online at [mdc.govt.nz](http://mdc.govt.nz), or
2. Fill in the feedback form below and send it (or drop it off) to Council at Private Bag 10 001, Feilding 4743.
3. Send us an email at [submissions@mdc.govt.nz](mailto:submissions@mdc.govt.nz)
4. If writing is not your thing, we can help you get your thoughts down. To find out more about this, call Rebecca Bell, Strategy Manager, Manawatū District Council on 06 323 0000.

### Submitter details

(an asterisk indicates a required field)

\*Name \_\_\_\_\_

\*Is your feedback on behalf of an organisation? (if yes, this confirms you have the authority to submit on the organisation's behalf)  yes  no

\*Name of organisation \_\_\_\_\_

\*Postal address \_\_\_\_\_

Email address \_\_\_\_\_

\*Contact phone number \_\_\_\_\_

I would like to speak to Council in person about my feedback  yes  no

I am available any time during 18-19 May\*  OR,

My preferred speaking time would be (please tick your preferred time)

	Tuesday 18 May	Wednesday 19 May	Friday 21 May*
Morning			
Afternoon			
Evening			(not available)

\* 21 May is a back up date. Speaking slots will only be booked if speaker numbers require it

I would like to present in my own language, which is \_\_\_\_\_

If you would like to present in NZ sign language, please let us know so that we can make translation arrangements with you.

Please note: All submissions will be treated as a public documents and will be made available on Council's website. However, you may request that your contact details (but not your name) be withheld. If you want your contact details to be withheld, let us know by ticking this box.



**Proposal one: CLARIFIED DEFINITIONS OF PUBLIC AND PRIVATE FUNDING**

Comments: \_\_\_\_\_

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**Proposal two: ADJUSTMENT OF SOME FUNDING SPLITS**

Comments: \_\_\_\_\_

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**Proposal Three: ADJUSTMENT OF SOME FUNDING SOURCES**

Comments: \_\_\_\_\_

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**General Comments:** \_\_\_\_\_

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Manawatū District Council : P 06 323 0000  
135 Manchester Street : F 06 323 0822  
Private Bag 10001 : E public@mdc.govt.nz  
Feilding 4743 : www.mdc.govt.nz