
REVENUE AND FINANCING POLICY



QUEENSTOWN
LAKES DISTRICT
COUNCIL

Adopted 28 June 2018

Background

Section 102(4) (a) of the Local Government Act 2002 requires each Council to adopt a Revenue and Financing Policy, which must be adopted through the special consultation process.

Section 103 outlines that this Policy must state the Council's policies in respect of the funding of both operating expenses and capital expenditure from listed sources, with the sources as outlined in section 103(2) being:

- A general rates including:
 - i choice of valuation system;
 - ii differential rating; and
 - iii uniform annual general charges;
- B targeted rates;
- C fees and charges;
- D interests and dividends from investments;
- E borrowing;
- F proceeds from asset sales;
- G development contributions under the Local Government Act 2002;
- H financial contributions under the Resource Management Act 1991;
- I grants and subsidies; and
- J any other source.

Section 101(3) states that in identifying the appropriate sources the Council must consider the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community. The Council must also consider with regards to each activity to be funded:

- A the community outcomes to which the activity primarily contributes;
- B the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
- C the period in or over which those benefits are expected to occur;
- D the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- E the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

Queenstown Lakes District Council has undertaken several comprehensive reviews of its funding principles in the past through the development, adoption and review of its Revenue and Financing Policy. These reviews were completed in 1998, 2001 and again in 2002. Comprehensive reviews under the Local Government Act 2002 were undertaken during 2005/06, 2008/09, 2011/12 and 2015/16.

[A] Funding Sources - Operational Expenditure

The 'revenue' part of the title 'Revenue and Financing Policy' relates to funding of operating expenditure. The following sources of income are recognised in the operating statement:

RATES

A number of the Council activities are funded by a combination of revenue types. The Council practice is to initially account for income from fees and charges, and grants and subsidies or other income sources. If the activity still requires additional funding, the remainder is funded by way of a rate which is applied to relevant properties within the district.

The Council will use a capital value rating system across the district. Capital value is preferred to land value because the Council believes that it generally provides a better surrogate for the allocation of cost for Council services. Rates are generally used where it is economically impractical to use fees and charges.

There are two classification types for rates:

- > General rates - include uniform annual general charge (UAGC) and capital valued based rate.
- > Targeted rates - include capital valued based roading rate, tourism promotion rate, governance rate, recreation and events rate, regulatory rate, water supply rate and stormwater rate. As well as fixed annual charges for sewerage, water supply, waste management, recreation and events, governance and regulatory, Queenstown Aquatic Centre, Wanaka Aquatic Centre and sports, halls and libraries.

In the next section of the policy 'Funding Operational Expenditure by Activity' the tables illustrate the outcome of the analysis undertaken by the Council in relation to Section 101 (3). The last table for each activity details how the activity is proposed to be funded. Generally, these tables show that where a private benefit exists, the cost of this is recovered by user fees or a targeted rate. The cost of public benefits is usually rate funded, with the general rate and a range of targeted capital value rates used to fund 'property' related activities and the UAGC, fixed targeted annual charges and a range of targeted capital value rates used to fund 'people' related activities.

FEES AND CHARGES

There is a wide range of revenue under this general title. Generally, the Council will look to use fees and charges to recover the 'private benefit' costs of a particular activity (see table on following page) if it is economically viable to do so.

GRANTS AND SUBSIDIES

Some activities of the Council qualify for a grant or subsidy from the Crown. In particular, the Council receives a subsidy from the New Zealand Transport Agency (NZTA) for qualifying roading expenditure. Other smaller grants are also received from the Crown, for example; NZ Fire Service and Creative NZ.

INTEREST AND DIVIDENDS FROM INVESTMENTS

Interest income is recognised from all investment sources but is very minor. The majority of investment income is used to offset rates.

The Council receives a regular dividend from Queenstown Airport Corporation (QAC) via its 75.01% ownership stake. It is proposed to continue to utilise forecast dividends from QAC to repay generally funded debt.

OTHER SOURCES OF INCOME

Other sources of income include parking infringement fines, petrol tax, rates penalties and concession income. This is a catch-all classification and the income is treated in the same way as fees and charges.

FUNDING OPERATIONAL EXPENDITURE BY ACTIVITY

The tables in the following section illustrate the outcome of the analysis undertaken by the Council in relation to Section 101 (3). The first table in each activity analysis labelled 'Community Outcome' shows the community outcomes to which each activity primarily contributes and thereby satisfies the requirement of Section 101(3) (a) referred to in the background section. This table shows only the primary contributions and it is acknowledged that some activities contribute to more outcomes than those shown.

The second table in each activity analysis labelled 'Funding Principles' shows how the funding principles in Section 101(3) b) to e) above relate to the activity. This analysis assists the Council in determining which funding mechanisms are appropriate for each activity. Generally those activities which score low for user pays or for cost/benefit of separate funding are best funded by general rates, whilst those scoring higher in those areas are best funded by user charges or targeted rates. The low/medium/high rating relates to the degree by which each activity conforms to the following economic principles:

- 1 Distribution of benefit - degree to which benefits can be attributed to individuals/groups rather than community as a whole.
- 2 Period of benefit - degree to which benefits can be attributed to future period.
- 3 Extent of action/inaction - degree to which action or inaction of group or individuals give rise to need for expenditure.
- 4 Cost/benefit of separate funding - degree to which cost and benefits justify separate funding of this activity.

The third table in each activity details how each activity is proposed to be funded. Generally, this table shows that where a private benefit exists, the cost of this is recovered by user fees or a targeted rate. The cost of public benefits is usually general rate funded, with the capital value rate used to fund 'property' related activities and the UAGC used to fund 'people' related activities.

Governance

Community Leadership

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
Community Leadership				
	A responsive organisation	An organisation that consults effectively and makes sound decisions	An organisation that demonstrates leadership	An organisation that considers the district's partnership with Mana Whenua

This activity includes strategic planning and the setting of the overall direction by the Council, Community Board and various committees. This also includes all activities undertaken in relation to public involvement in the democratic process including elections, the holding of public meetings as well as the preparation of the statutory plans and reports, including the Council Community Plan, Annual Plan and Annual Report.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Community Leadership	Low	Med	Low	Low

This activity is completely public good with no scope for user charges and will therefore be funded 80% from the district-wide targeted capital value based Governance Rate and 20% from the Governance and Regulatory Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Community Leadership	0%	100%	0%	0%	100%	-	Gov Rate (80%)/Gov & Reg Chg (20%)

Communications

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
Community Development			
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Communities are resilient and prepared for civil defence emergency events

The purpose of this activity is to provide for the distribution of information to residents and ratepayers. It is also designed to help keep residents informed via the Council newsletter 'Scuttlebutt' and the website.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Community Development	Low	Low	Low	Low

This activity is largely public good and will therefore be funded 90% from the district-wide targeted capital value based Governance Rate and the Governance and Regulatory Charge with the remainder provided by cost recoveries.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Community Development	0%	100%	0%	10%	90%	Fees & Charges	Gov Rate (80%)/Gov & Reg Chg (20%)

Economic Development

Tourism Promotion

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome	
Tourism Marketing		
	Partnering for success	Investing strategically

The Council makes grants to ward based promotion organisations, which market the district as a visitor destination and therefore increases the economic benefits to the district from its major industry.





Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Tourism Marketing	Low	Low	Low	Low

This activity exhibits a large degree of private benefit with a distinct group of beneficiaries and will be funded 95% from the Targeted Rate for Tourism Promotion based on capital value and applied on a ward basis, and 5% from the Uniform Annual General Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Tourism Marketing	95%	5%	0%	95%	5%	Targeted CV Rate (Tourism Promotion)	UAGC

Community Assets

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
Community Assets				
	Sustainable growth management	Partnering for success	Investing strategically	Enabling diversification

The Council is involved in these activities to provide the maximum possible return from assets involved. This activity includes residential and commercial subdivisions, Queenstown Lakeview Holiday Park, leased camping grounds, Wanaka Airport, forests, rental housing, elderly person housing and road closing/legalisation. This activity also includes any undeveloped areas of land which will be maintained at a minimum level until decisions about their final use is made.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Community Assets	High	High	Low	High

This activity almost exclusively provides private goods to clearly distinct groups of beneficiaries and will be funded by user charges with any surplus derived used to reduce general rate requirement.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Community Assets	100%	0%	0%	100%	0%	Fees & Charges	-

Community

Library Services

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
Library Services			
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Strong cultural landscape that inspires, preserves and celebrates our heritage, arts and culture

The purpose of this activity is to help meet the information, cultural, educational and recreational needs of its users in a timely, convenient and cost effective manner. This is achieved through the joint management of libraries with the Central Otago District. There are six libraries within the district; at Queenstown, Arrowtown, Wanaka, Hawea, Kingston and Glenorchy. The services include book and magazine loans, a reference and information service, compact disc and video rentals and research. Some of the specialist services provided include a local history collection and a special needs service including large print and talking books and foreign language text. The libraries also act as community information centres holding community information and contact names and addresses.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Library Services	Med	Low	Low	Low

This activity provides a relatively high degree of private good but there is also a significant element of public good. The Council wishes to encourage the use of library facilities and will therefore limit the user charge element to the minimum. The activity will therefore be funded 90% from the district-wide targeted fixed Sports, Halls and Libraries Charge and 10% from user charges for some specialised or high demand services. The Sports, Halls and Libraries Charge will be targeted at properties with a residential component and not at businesses.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Library Services	65%	35%	0%	10%	90%	Fees, Charges & Fines	Fixed Sports, Halls & Libraries Charge

Community Development

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome	
Community Development		
	Communities have a good standard of living and wellbeing	Communities are inclusive for all

The purpose of this activity is to help keep residents informed of the recreational, social and cultural opportunities in the area and to assist groups in maximising the benefits they provide to the community. Assistance will also be provided to those seeking financial support from organisations other than the Council. The Council is also involved in events including programmes at New Year and the annual Christmas Show.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Community Development	Low	Low	Low	Low

This activity is largely public good with for the recreational and cultural activities and will therefore be funded 90% from the district-wide targeted capital value based Recreation and Recreation and Events Charge with the remainder provided by cost recoveries.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Community Development	0%	100%	0%	10%	90%	Fees & Charges	Rec & Events Rate (50%)/ Rec & Events Chg (50%)

Community Grants

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
Community Grants			
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Strong cultural landscape that inspires, preserves and celebrates our heritage, arts and culture

The purpose of this activity is the provision of grants to assist community groups to provide a range of activities and services in the district. These include the Lakes District Museum; Aspiring Arts Trust; Sports Central; the Wakatipu Trails Trust and various community associations.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Community Grants	Low	Low	Low	Low

This activity is largely public good with no scope for user charges and will therefore be 84% funded from the Uniform Annual General Charge and 16% funded from the district-wide targeted capital value based Recreation and Events Rate and Recreation and Events Charge for the grants made to organisations for recreational purposes. This analysis relates to the cost of the activity after allowing for the receipt of grants by the Council in its role as agent.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Community Grants	0%	100%	0%	10%	100%	-	Rec & Events Rate (8%)/ Rec & Events Chg (8%)/ UAGC (84%)

Public Toilets

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
Public Toilets			
	Communities have a good standard of living and wellbeing	Efficient and effective community facilities	Quality built environments that meet local needs and respect the local character

The purpose of this activity is to provide a range of public toilets throughout the district to meet the needs of locals and visitors. The principal objective is to protect the public environment through the provision of clean, accessible and conveniently located public toilets.



Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Public Toilets	Med	Med	Low	Low

This activity provides a relatively high degree of private good but there is also a significant element of public good. Council recognises that these facilities are used to a large degree by visitors to the district and has considered the option of user charges but has rejected this on the basis of efficiency. The activity will therefore be funded 100% from the district-wide targeted capital value based Recreation and Events Rate and the Recreation and Events Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Public Toilets	80%	20%	0%	0%	100%	-	Rec & Events Rate (50%)/ Rec & Events Chg (50%)

Cemeteries

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome	
Cemeteries		
	Communities are inclusive for all	Strong cultural landscape that inspires, preserves and celebrates our heritage, arts and culture

The purpose of this activity is to provide for cemeteries throughout the district. Services provided by the Council include areas for the burial of human remains, interment of human ashes, the maintenance of burial records and the maintenance of grounds.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Cemeteries	High	Med	Low	Med

This activity provides a relatively high degree of private good but there is also a significant element of public good. This activity will therefore be funded 60% from user charges in the form of plot sales and burial fees with the balance of 40% coming from the Uniform Annual General Charge

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Cemeteries	60%	40%	0%	60%	40%	Fees & Charges	UAGC

Community Facilities

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
Community Facilities				
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Efficient and effective community facilities	Quality built environments that meet local needs and respect the local character

The purpose of this activity is to help provide community halls, community swimming pools and other multi-use indoor facilities for the district. This includes the facilities at the Queenstown Events Centre; Lake Wanaka Centre; Memorial Hall; Lake Hayes Pavilion; Arrowtown Hall; Arrowtown Pool and Wanaka Community Pool. The Queenstown and Wanaka Aquatic Centres are included in a separate activity – Aquatics (see below).

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Community Facilities	High	Med	Low	Med

This activity provides a relatively high degree of private good but there is also a significant element of public good. Council wishes to encourage the use of community facilities and will therefore limit the user charge element to 30%. The Council has also determined that it will not seek to fund the depreciation expense associated with these assets. The activity will therefore be funded 70% from the district-wide targeted fixed Sports, Halls and Libraries Charge and 30% from user charges. The Sports, Halls and Libraries Charge will be targeted at properties with a residential component and not at businesses.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Community Facilities	70%	30%	0%	30%	70%	Fees & Charges	Fixed Sports, Halls & Libraries Charge

Aquatics

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
Aquatics				
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Efficient and effective community facilities	Quality built environments that meet local needs and respect the local character

The purpose of this activity is to help provide indoor aquatic facilities for the district. This includes the Queenstown Aquatic Centre (Alpine Aqualand) and the new Wanaka Aquatic Centre.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Aquatics	High	High	Low	Med

This activity provides a relatively high degree of private good but there is also a significant element of public good. The Council wishes to encourage the use of aquatic facilities and will therefore limit the user charge element to 60%; this is in line with the original feasibility report which indicated that 60% of operational costs should be recovered from users directly. The Council has also determined that it will not seek to fund the depreciation expense associated with these assets.

This activity will therefore be funded 40% from the ward based Aquatic Centre Charges only and 60% from user charges. The Aquatic Centre Charge will be targeted at properties with a residential component and not at businesses. The remaining 10% of the operating short-fall attributable to visitors will be funded from the proposed district-wide targeted capital value based Recreation and Events Rate.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Aquatics	70%	30%	0%	60%	40%	Fees & Charges	Fixed Aquatics Charge (90%) / Recreation & Events CV Rate (10%)

Waterways Facilities

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
Waterways Facilities				
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	World class landscapes are protected	Environmental sustainability and low impact living is highly valued

The purpose of this activity is to help provide affordable and accessible water based recreation facilities throughout the district that may also be used by commercial operators. This activity includes the maintenance and development of the Council owned waterways facilities including ramps, jetties and marinas. This does not include facilities which are attached to Council land but owned by other organisations i.e. yacht clubs, individuals or companies, nor does it include facilities that are leased out such as the Queenstown Main Town Pier.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Waterways Facilities	High	Med	Low	Med






Over the past five years, the Council has made a substantial investment to improve waterways assets throughout the district. It is now appropriate for the target for recovery from user charges be increased from 10% to 40%. It is recognised that there are real difficulties in terms of designing an effective and efficient regime for the collection of boating user fees and that we must rely on our local bylaw for fees.

This activity will be funded 40% from user charges with the balance of 60% coming from the revenue generated from waterways based concessions.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Waterways Facilities	90%	10%	0%	40%	60%	Fees & Charges	Waterways Concession

Parks & Recreation Facilities

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome				
Parks & Recreation Facilities					
	Communities have a good standard of living and wellbeing	Appropriate public access	Efficient and effective community facilities	World class landscapes are protected	Environmental sustainability and low impact living is highly valued

The purpose of the activity is to help provide affordable and accessible recreation facilities throughout the district. This includes the maintenance and development of primarily outdoor recreation facilities that are owned by the Council. This activity includes most items that are traditionally called parks and reserves and covers the maintenance and development of outdoor passive recreation areas, as well as sports fields, playgrounds and the trail network.

This activity does not include facilities which are on Council land, but are owned by other organisations i.e. some bowling, tennis and golf clubs. Multi-use indoor facilities are covered in the Community Facilities activity.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Parks & Recreation Facilities	Low	Med	Low	Low






The analysis delivers a funding target of 5% for user fees with the balance of 35% (for the private funding target) being met from commercial lease income derived from reserves. This leaves 60% recovered from the district-wide targeted fixed Sports, Halls and Libraries Charge (17.5%) for sports fields and 42.5% from the district-wide targeted capital value based Recreation and Events Rate and the Recreation and Events Charge for the balance of costs.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Parks & Recreation Facilities	35%	65%	0%	40%	60%	Lease Income (35%) / Fees & Charges (5%)	Fixed Sports, Halls & Libraries Charge (17.5%) / Rec & Events Rate (21.25%) / Rec & Events Chg (21.25%)

Environmental Management

District Plan

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome				
District Plan					
	Quality built environments that meet local needs and respect the local character	World class landscapes are protected	Communities have a good standard of living and wellbeing	Strong cultural landscape that inspires, preserves and celebrates our heritage, arts and culture	Environmental sustainability and low impact living is highly valued

This activity includes work on the development, adoption and refinement of the District Plan. (note that processing of resource consents is covered under Regulatory Services). The objectives of the District Plan are set out in the Resource Management Act, “the establishment, implementation and review of the objectives, policies and methods of achieving integrated management of the effects of the use, development or management of land and associated natural and physical resources of the district”.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
District Plan	Low	High	Med	Low

This activity is largely public good with some scope for user charges (private plan changes and district plan sales). The balance of the cost of this activity will be funded from the proposed district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
District Plan	5%	95%	0%	5%	95%	Fees & Charges	Regulatory CV Rate / Reg Chg

Resource Consent Administration

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
Resource Consent Administration			
	Quality built environments that meet local needs and respect the local character	World class landscapes are protected	Communities have a good standard of living and wellbeing

This activity includes all aspects of the resource consent process, including receiving and processing the applications; managing files; monitoring consents and responding to public enquiries.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Resource Consent Administration	Low	High	Med	Low

The private benefit element of resource consent processing activities (assessed at 80%) will be funded from user charges, with the public element funded from the proposed district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Resource Consent Administration	80%	20%	0%	80%	20%	Fees & Charges	Regulatory CV Rate / Reg Chg

Building Consent Administration

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
Building Consent Administration			
	Quality built environments that meet local needs and respect the local character	Communities have a good standard of living and wellbeing	A responsive organisation

This activity includes all aspects of the building consent process, including receiving and processing applications; managing files; inspecting building work; issuing PIMS and LIMs and responding to public enquiries.



Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Building Consent Administration	High	Med	Med	High

The private benefit element of building consent processing activities (assessed at 80%) will be funded from user charges, with the public element funded from the proposed district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge. The exacerbator factor reflects the time and cost incurred in managing weather-tightness claims.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Building Consent Administration	80%	5%	15%	80%	20%	Application Fees & Hourly Charges	Regulatory CV Rate / Reg Chg

Bylaw and General Enforcement

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome				
Bylaw and General Enforcement					
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Appropriate public access	Quality built environments that meet local needs and respect the local character	A responsive organisation

This activity includes the management and enforcement of the Council bylaws, managing files, issuing permits and responding to public enquiries

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Bylaw and General Enforcement	High	Low	High	Med

This activity provides some degree of private good but there is also a significant element of public good and exacerbator factor. The private benefit element of bylaw and enforcement activities (assessed at 40%) will be funded from user charges with the public element funded from the proposed district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Bylaw and General Enforcement	25%	50%	25%	40%	60%	Permit Fees and Hourly Charges	Reg Rate (80%)/ Reg Chg (20%)

Parking Administration

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
Parking Administration				
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Appropriate public access	A responsive organisation

This activity includes the patrolling of all designated, time restricted and metered areas in Queenstown, Wanaka and Arrowtown and other general patrolling; managing files; issuing and processing of parking infringement notices and responding to public enquiries.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Parking Administration	Med	Low	High	Med

The private benefit element of parking administration activities (assessed at 100%) will be funded from infringement fees and user charges.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Parking Administration	15%	15%	70%	100%	0%	Infringement Fines and Rental Charges	N/A

Environmental Health

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome	
Environmental Health		
	Communities have a good standard of living and wellbeing	A responsive organisation

This activity includes the inspection and licensing of premises involved in the manufacture/preparation/sale of food, hair dressers, mortuaries, camping grounds, winemakers etc.; managing files; investigation and enforcement of public health issues and responding to public enquiries.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Environmental Health	High	Low	Med	High

This activity provides some degree of private good but there is also a significant element of public good. Environmental health will therefore be funded 70% from user charges and 30% from the district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Environmental Health	60%	30%	10%	70%	30%	Certification Fees and Hourly Charges	Reg Rate (80%)/ Reg Chg (20%)

Liquor Licensing

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome	
Liquor	 Communities have a good standard of living and wellbeing	 A responsive organisation

This activity includes the inspection, monitoring and licensing of premises involved in the sale of liquor; managing files; issuing and renewal of licences and certificates and responding to public enquiries.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Liquor	High	Low	Med	High

This activity provides some degree of private good but there is also an element of public good and exacerbator factor. Liquor licensing will therefore be funded 70% from user charges and 30% from the district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Liquor	60%	30%	10%	70%	30%	Licensing and Certification Fees and Hourly Charges	Reg Rate (80%)/ Reg Chg (20%)

Animal Control

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome	
Animal Control	 Communities have a good standard of living and wellbeing	 A responsive organisation

This activity includes provision of animal ranger services including impounding; managing files; disposal of animals and responding to public enquiries.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Animal Control	Med	Low	High	High

This activity provides some degree of private good but there is also a significant element of public good and a significant exacerbator factor. Animal Control will therefore be funded 70% from registration fees and impounding charges and 30% from the district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Animal Control	10%	30%	60%	70%	30%	Registration and Impound Fees	Reg Rate (80%)/ Reg Chg (20%)

Waterways Control

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome				
Waterways Control					
	Communities have a good standard of living and wellbeing	Appropriate public access	World class landscapes are protected	Environmental sustainability and low impact living is highly valued	A responsive organisation

The purpose of this activity is to control waterway based activities in the district. This is achieved under the Waterways Bylaw through the activities of the Harbourmaster in the inspection, enforcement and promotion of the safe use of local waterways.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Waterways Control	Med	Low	Med	Med

This activity provides some degree of private good but there is also a significant element of public good. Waterways Control will therefore be funded from user charges under the Bylaw as far as practicable (estimated at 35%), and thereafter from the revenue generated from waterways based concessions.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Waterways Control	35%	65%	0%	35%	65%	Fees & Charges	Waterways Concession

Emergency Management

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
Emergency Management			
	Communities are resilient and prepared for civil defence emergency events	Efficient and effective infrastructure	Efficient and effective community facilities

The purpose of this activity is to ensure the district is prepared to respond appropriately to Civil Defence or Rural Fire emergencies by having appropriate plans and procedures in place. This is primarily achieved by the development of a Civil Defence Plan and the establishment and maintenance of the required communications and other infrastructure. With rural fire this also includes supporting one Rural Fire Unit, two volunteer fire brigades based at Kingston and Glenorchy, and providing limited financial support to the Arrowtown, Hawea and Luggate volunteer fire brigades with respect to rural fire response. There are also arrangements in place to ensure additional trained resources are available when required.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Emergency Management	Low	Low	Med	Low

This activity is largely public good with no scope for user charges and will therefore be funded by the capital value based General Rate. This analysis relates to the cost of the activity after allowing for any central government subsidies in this area (estimated at 30%).

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Emergency Management	0%	100%	0%	0%	100%	-	General CV Rate (70%) / Grants (30%)

Landfill Provision and Management

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
Landfill Provision and Management				
	Communities have a good standard of living and wellbeing	World class landscapes are protected	Environmental sustainability and low impact living is highly valued	Partnering for success

The purpose of this activity is to provide facilities for the purpose of disposing of solid waste and the provision of hazardous waste facilities for the district in accordance with Regional Council and environmental requirements. This activity includes the operation of one sanitary landfill and transfer stations in Queenstown and Wanaka. In addition, the Council is required to monitor and rehabilitate its disused landfill sites at Hawea, Tuckers Beach, Wanaka, Kingston, Glenorchy and Makarora.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Landfill Provision and Management	Med	High	High	Med

This activity provides some degree of private good, but there is also a significant element of public good and exacerbator factor. This activity will therefore be funded 60% from user charges in the form of transfer station fees and disposal fees (excluding landfill levy), 35% coming from the targeted fixed Waste Management Charge, with the balance of 5% coming from the general capital value based rate to cover the cost of existing waste management loans and the rehabilitation of disused tips.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Landfill Provision and Management	70%	20%	10%	60%	40%	Fees & Charges	Waste Management Charge (35%) / General CV Rate (5%)

Recycling

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
Recycling				
	Communities have a good standard of living and wellbeing	World class landscapes are protected	Environmental sustainability and low impact living is highly valued	Partnering for success

The purpose of this activity is to provide recycling throughout the district. This includes the provision of recycling services in Queenstown, Arrowtown, Glenorchy, Kingston, Wanaka, Hawea, Albert Town, Luggate and Makarora. It also includes the operation of the resource recovery centre in Frankton.

The Wanaka resource recovery centre is owned and operated by Wanaka Wastebusters Incorporated. Wanaka Wastebusters is a community enterprise with charitable status. Council has granted a 35 year peppercorn rental lease to Wastebusters to occupy the site.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Recycling	Med	High	High	Med

This activity provides some degree of private good, but there is also a significant element of public good and exacerbator factor. This activity will therefore be funded 50% from user charges in the form of landfill levy and disposal fees and 50% coming from the targeted fixed Waste Management Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Recycling	50%	20%	30%	50%	50%	Fees & Charges (includes landfill levy)	Waste Management Charge

Refuse Collection

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
Refuse Collection	 Communities have a good standard of living and wellbeing	 World class landscapes are protected	 Environmental sustainability and low impact living is highly valued	 Partnering for success

The purpose of this activity is to provide a kerbside residual waste collection service in Queenstown, Arrowtown, Glenorchy, Kingston, Wanaka, Hawea, Albert Town Luggate and Makarora.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Refuse Collection	High	Low	Med	High




This activity is largely private good and will be funded 100% from user charges.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Refuse Collection	90%	10%	0%	100%	0%	Fees & Charges	-

Utilities

Water Supply

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
Water Supply	 Communities have a good standard of living and wellbeing	 Efficient and effective infrastructure	 Sustainable growth management

The purpose of this activity is to provide reliable, high quality water supplies for domestic and commercial consumers and for fire fighting purposes. The Council has provided water schemes in Queenstown, Arrowtown, Glenorchy, Lake Hayes, Arthurs Point, Wanaka, Hawea, Albert Town and Luggate.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Water Supply	High	High	Med	High

This activity is largely private good in nature and the Council recognises that the best way of recovering cost would be via volumetric charges and water meters. However, the costs of introducing such a system are seen as prohibitive at present, and this activity will therefore be funded 40% from the Targeted Uniform Rate (Water) which will be charged to all serviceable properties in the nature of a supply charge and 60% from a Targeted Water Rate based on capital value and applied on a scheme basis to all properties connected to the public water supply.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Water Supply	90%	10%	0%	100%	0%	Targeted Uniform Rate (water) / Targeted CV Rate (water)	-

Stormwater

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
Stormwater			
	Communities have a good standard of living and wellbeing	Efficient and effective infrastructure	Sustainable growth management

The primary purpose is to provide reliable and efficient stormwater collection and disposal systems from buildings and land in Queenstown, Arrowtown, Glenorchy, Wanaka, Hawea and Albert Town.




Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Stormwater	Low	Med	Med	Med

This activity is largely public good in nature and will therefore be funded 100% from a Targeted Stormwater Rate based on capital value and applied on a ward basis to all urban properties.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Stormwater	0%	100%	0%	0%	100%	-	Stormwater CV Rate/ Waterways concession

Wastewater

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
Wastewater			
	Communities have a good standard of living and wellbeing	Efficient and effective infrastructure	Sustainable growth management

The primary purpose is to provide reliable and efficient sewage collection, treatment and disposal systems that meet all discharge consent conditions. Sewerage schemes are provided in Queenstown, Arrowtown, Arthur's Point, Wanaka, Hawea, Albert Town and Lake Hayes with feasibility studies underway for Kingston, Glenorchy.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Wastewater	High	High	Med	High

This activity is largely private good and the operational costs will therefore be funded by a Targeted Uniform Sewerage Charge, which is charged out on the basis of the number of connected pans/urinals within the property. A rating unit used primarily as a residence for one household shall be deemed to have not more than one pan / urinal in accordance with the Local Government (Rating) Act 2002. Remission policies have been developed in relation to the application of this rate to businesses with multiple connections and to various non profit organisations.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Wastewater	90%	10%	0%	100%	0%	Sewerage Charge	-

Roading and Footpaths

Town Centres

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome				
Town Centres					
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Strong cultural landscape that inspires, preserves and celebrates our heritage, arts and culture	Efficient and effective community facilities	Efficient and effective infrastructure

The purpose of this activity is to provide attractive and safe town centres that are well maintained and developed to meet the changing needs of the district. This includes the maintenance and development of street furniture, specialised lighting, signage and other facilities that contribute to the atmosphere of the town centres. It also includes street cleaning in these areas. This is considered as a separate activity as the requirements of these areas are significantly different to that of an urban street.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Town Centres	Med	Med	High	Med

This activity provides some degree of private good but there is also a significant element of public good. After allowing for any NZTA subsidy this activity will be funded 100% from a Targeted Roding Rate based on Capital Value and applied on a ward basis to all properties.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Town Centres	50%	50%	0%	50%	50%	Roding CV Rate	Roding CV Rate

Parking Facilities

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
Parking Facilities			
	Appropriate public access	Efficient and effective infrastructure	Sustainable growth management

The objective of this activity is to provide a range of on and off street parking in the town centres of the district. The enforcement of parking and other restrictions are covered as a separate activity within Regulatory Services.




Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Parking Facilities	High	Med	Med	High

This activity provides a large degree of private good, but there is also a minor element of public good. This activity will therefore be funded 100% from user charges.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Parking Facilities	80%	20%	0%	100%	0%	Fees & Charges	-

Roading

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
Roading			
	Communities have a good standard of living and wellbeing	Efficient and effective infrastructure	Sustainable growth management

The purpose of this activity is to provide a reliable, efficient and safe roading network that is well maintained and developed to meet the changing needs of the district. This covers all the requirements of a 'boundary to boundary' corridor and includes pavement, footpath and bridge maintenance and development. It also includes traffic safety services such as road marking, sign posting, street lighting and accident. It does not include the items covered under the town centre activity.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
Roading	Low	Med	High	Med

This activity provides some degree of private good, but there is also a significant element of public good and exacerbator factor. After allowing for any NZTA subsidy and petrol tax (estimated at 45%), this activity will be funded from a Targeted Roding Rate based on capital value and applied on a ward basis to all properties.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Roading	50%	20%	30%	45%	55%	NZTA Subsidy / Petrol Tax	Roding CV Rate

[B] Funding Sources - Capital Expenditure

Funding to pay for new assets will come from a mix of borrowing, development or financial contributions, grants and subsidies, capital revenue, reserves and asset sales. Generally the costs of new assets will not be met from rates; however a portion the costs of servicing loans will be funded from rates.

Funding for new capital works will depend on the nature of the work in particular the reasons (cost drivers) which have made the work necessary. There are three main cost drivers recognised by Council:

- > Growth
- > Level of service shift
- > Renewal

[A] CAPITAL EXPENDITURE DUE TO GROWTH

The Queenstown Lakes District has experienced significant growth in its resident population, visitors, housing and commercial development and the local economy. This growth generates high levels of subdivision and development activity which places increasing pressure on the assets and services provided by the Council. Significant investment in additional assets and services is therefore required to meet the demands of growth. The Council intends to fund the portion of capital expenditure that is attributable to growth from development contributions wherever it is reasonable to do so.

The Council considers that development contributions are the best mechanism available to ensure the cost of growth (net of any external funding) is funded by those who have created the need for that cost. The Council considers it inappropriate to burden the community as a whole, by way of rating or other payment means, to meet the cost of growth. The Council has adopted a Policy on Development Contributions (DC Policy) as part of the Ten Year Plan since 2004. This is updated on an annual basis.

Types of assets included in the DC Policy are:

- > Network infrastructure for water supplies, wastewater, stormwater and roading.
- > Community infrastructure including the development and acquisition of reserve land to use as reserve and facilities needed on that reserve and other public amenities such as halls, libraries, public toilets, parking facilities and the like.

Section 101(3) of the LGA 2002 requires that the following be considered:

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of:

- (i) *the community outcomes to which the activity primarily contributes.*
- (ii) *the distribution of benefits between the community as a whole, any identifiable part of the community and individuals.*
- (iii) *the period in or over which those benefits are expected to occur.*
- (iv) *the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.*
- (v) *the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.*
- (vi) *the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural wellbeing of the community.*

Responses to these requirements in relation to the Development Contributions and Financial Contributions Policy are:

(i) Community outcomes

This policy contributes to:

- > Sustainable growth management

- > World class landscapes are protected
- > Appropriate public access
- > Effective and efficient infrastructure
- > Effective and efficient community facilities
- > Quality built environments that meet local needs and respect the local character.

(ii) Distribution of Benefits

The Council apportions all capital expenditure into the classifications of growth, renewal, level of service and statutory obligations by the geographic areas of benefit. This apportionment represents the distribution of benefit to the community as a whole, to identifiable parts of the community and to individuals.

(iii) Period Over Which the Benefits are Expected to Occur

Once a Development or Financial contribution has been paid in relation to a subdivision or development, the benefits of the asset, service, or environmental enhancement shall occur indefinitely (at a set level of service for that asset, service, or environmental enhancement as defined at any one time).

(iv) Action or Inaction that Contributes to the Need for this Activity

The provision of assets, services, or environmental standards that promote the community outcomes may not be willingly provided by the development community. In addition the Council is often the only viable supplier (often legally required to provide services) of these services and therefore the Council has a moral and legal obligation to supply additional assets, services to meet the new community needs.

(v) Costs and Benefits of Funding this Activity (Development and Financial Contributions)

The benefits to the existing community are significantly greater than the cost of policy making, calculations, collection, accounting and distribution of funding for development and financial contributions.

(iv) Allocation of Liability for Revenue Needs

The liability for revenue falls directly with the development community. At the effective date of this Policy, the Council does not perceive any impact on the social, economic, environmental and cultural wellbeing of this particular sector of the community. At any stage in the future where there maybe impacts of this nature, the Council may revisit this Policy.

Types of assets included in the Development Contribution Policy are:

- > network infrastructure for water supplies, wastewater, stormwater and roading
- > reserve land
- > community infrastructure, including the development and acquisition of reserve land to use as reserve and facilities needed on that reserve and other public amenities such as halls, libraries, public toilets, parking facilities and the like.
- > other assets, financial contributions can be required to avoid remedy or mitigate adverse effects of development that are of a non-fiscal nature. These may include contributions that avoid, remedy or mitigate the effects of development on biodiversity, landscape, amenity values or the provision of specific assets by the developer/subdivider (i.e. access easements in gross). As the development contributions provisions of the LGA 2002 specifically relate to fiscal impacts or effects of growth, financial contributions for non-fiscal impacts of effects of development will need to be assessed through the RMA and District Plan processes. Chapter 15 of the District Plan (not operative) and any subsequent variations shall be considered in this policy.

Funding Sources for Growth Capital Expenditure in Order of Priority:

- i. Vested assets
- ii. Development or financial contributions
- iii. Capital grants and subsidies attributable to growth portion
- iv. Borrowing

[B] CAPITAL EXPENDITURE DUE TO SHIFTS IN LEVELS OF SERVICE, STATUTORY REQUIREMENTS OR OTHER REASONS BUT NOT INCLUDING GROWTH OR RENEWALS

The cost driver for a significant portion of capital works within the Queenstown Lakes District relates to increasing of levels of service for the community. Sometimes these improvements to levels of service are required because of changes to legislation or resource consent conditions, which means that there is often little discretion with regard to the decision. An example of this would be the requirement to provide additional water treatment facilities as a result of the introduction of new Water Treatment Standards.

In other cases, the increase in level of service is a community driven decision. An example of this would be the construction of Aquatic Centres. The Council's approach to funding for this type of capital expenditure is to initially apply for grants from national and local funding organisations and to apply the proceeds of land sales from the Commonage in Queenstown or Scurr Heights in Wanaka.

Funding from the Commonage in Queenstown is restricted by statute to be applied for the benefit of the Old Queenstown Borough for the purposes of water and sewerage upgrades. Proceeds from Scurr Heights land in Wanaka is restricted for use to the Wanaka ward and can be applied to variety of infrastructure purposes including water, wastewater, roading or community (recreational) purposes.

Funding Sources for Other Capital Expenditure in Order of Priority:

- i. Capital grants and subsidies
- ii. Capital revenues and asset sale proceeds
- iii. Capital reserves
- iv. Borrowing
- v. Rates

[C] CAPITAL EXPENDITURE DUE TO RENEWALS

Renewal capital works are those capital expenditure costs that are incurred in restoring an asset to previous service levels, usually reflected in the amount that an asset has depreciated. Therefore by using those depreciation funds the Council is attempting to maintain infrastructural networks to at least their existing service level.

The funding of depreciation is an implied requirement of the 'balanced budget' provision of the new Local Government Act. It requires that the Council fully fund all operating costs, including reductions in the useful life or quality of assets. The requirement arises from Government concern that some local authorities were not adequately maintaining infrastructural assets. In instances where this occurred, current ratepayers were paying too little and leaving a major financial burden for future generations.

Queenstown Lakes District has in recent years provided adequately for asset renewal. A major effort has been made over the past decade to address deferred maintenance and the budgets have provided for the renewal of infrastructure. The Council now has far more reliable asset information and a much better understanding of the life cycle of its assets.

The new Act provides a more flexible approach in the requirement to fully fund depreciation. The revised interpretation has allowed Councils flexibility in four key areas which we have taken advantage of in preparing these budgets:

- i. The Council needs to fund depreciation only on its share of roading funding. The component attributable to Transfund is excluded. Allowing for special purpose road roading arrangements and other subsidisable costs 54% of roading depreciation will be funded.
- ii. Depreciation on community facilities may not need to be funded as they are often funded by non-Council sources and will never be replaced in the same form at the end of their useful life. Depreciation on halls, libraries, and other facilities (including the Events Centre) will therefore not be funded.

- iii. The Council has accepted that it is not reasonable to fund depreciation where a community has funded a water or sewerage scheme, by lump sum contributions or loan charges. That community ends up paying twice, for loan charges and depreciation.
- iv. Because we have generally maintained the value of our infrastructure the Council will use funded depreciation to finance renewal projects and repay loans. It cannot be used to fund new assets or asset improvements.

Funding Sources Renewal Capital Expenditure in Order of Priority:

- i. Depreciation reserves
- ii. Borrowing
- iii. Rates

FUNDING IMPACT STATEMENT - WHOLE COUNCIL (\$'000)

ANNUAL PLAN 2017/18	TEN YEAR PLAN									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Sources of operating funding										
General rates, uniform annual general										
3,460 charges, rates penalties	3,322	3,604	3,607	4,154	4,064	3,985	4,080	4,107	4,056	4,105
64,310 Targeted rates	71,474	78,378	84,496	90,236	95,289	101,323	106,725	111,110	115,641	119,619
27,149 Fees and charges	36,681	40,482	41,709	49,638	52,136	54,209	56,837	59,146	61,928	64,462
1,945 Subsidies & grants for operating purposes	4,897	5,368	5,363	5,424	5,464	5,668	5,875	6,091	6,316	6,552
3,822 Interest and dividends from investments	4,958	5,404	6,101	6,438	6,718	7,510	8,469	9,151	8,066	8,146
Fuel tax, fines, infringement fees & other										
9,891 receipts	7,797	8,345	8,095	7,169	7,369	7,580	7,744	7,910	8,084	8,260
110,577 Total sources of operating funding	129,129	141,581	149,370	163,059	171,040	180,274	189,730	197,515	204,092	211,144
Applications of operating funding										
88,853 Payments to staff and suppliers	105,080	111,608	112,388	117,841	123,593	128,078	132,804	137,075	141,668	146,395
7,566 Finance costs	6,742	10,254	14,820	17,914	19,667	20,890	20,593	19,379	17,935	16,582
- Other operating funding applications	-	-	-	-	-	-	-	-	-	-
96,419 Total applications of operating funding	111,822	121,862	127,208	135,755	143,260	148,968	153,397	156,454	159,603	162,977
14,158 Surplus/(deficit) of operating funding	17,307	19,719	22,162	27,304	27,780	31,306	36,333	41,061	44,489	48,167
Sources of capital funding										
10,446 Subsidies & grants for capital expenditure	12,816	32,446	46,977	32,885	49,578	36,631	11,980	6,039	5,619	7,629
6,616 Development & financial contributions	16,239	19,422	19,787	17,651	15,574	14,491	14,546	13,819	14,087	9,748
- Gross proceeds from sale of assets	24,800	7,153	-	3,316	-	3,316	-	3,316	-	3,316
29,660 Increase/(decrease) in debt	43,438	90,678	105,844	30,288	43,002	12,874	(21,618)	(36,609)	(33,401)	(26,340)
- Lump sum contributions	-	-	-	-	-	-	-	-	-	-
- Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
46,722 Total sources of capital funding	97,293	149,699	172,608	84,140	108,154	67,312	4,908	(13,435)	(13,695)	(5,647)
Applications of capital funding										
Capital expenditure										
27,972 - to meet additional demand	41,844	60,143	65,221	42,201	45,497	39,168	8,393	5,120	5,942	12,397
13,656 - to replace existing assets	26,163	29,839	32,317	27,473	28,607	23,188	20,505	17,043	15,940	17,892
22,488 - to improve the level of service	46,594	87,384	97,237	45,451	61,829	39,951	12,342	9,146	8,913	15,915
(3,236) Increase/(decrease) in reserves	(1)	(7,948)	(5)	(3,681)	1	(3,689)	1	(3,682)	(2)	(3,684)
- Increase/(decrease) of investments	-	-	-	-	-	-	-	-	-	-
60,880 Total applications of capital funding	114,600	169,418	194,770	111,444	135,934	98,618	41,241	27,627	30,793	42,520
(14,158) Surplus/(deficit) of capital funding	(17,307)	(19,719)	(22,162)	(27,304)	(27,780)	(31,306)	(36,333)	(41,062)	(44,488)	(48,167)
- Funding balance	-	-	-	-	-	-	-	-	-	-

RECONCILIATION OF FUNDING IMPACT STATEMENT TO PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE (\$'000)

ANNUAL PLAN		YEAR PLAN									
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
INCOME											
Statement of Financial Performance											
138,388	Total operating income	194,973	212,803	228,541	229,537	249,107	247,435	229,238	234,005	237,469	245,887
Funding Impact Statement											
110,577	Total sources of operating funding	129,129	141,581	149,370	163,059	171,040	180,274	189,730	197,515	204,092	211,144
	Plus sources of capital funding:										
10,446	Subsidies & grants for capital expenditure	12,816	32,446	46,977	32,885	49,578	36,631	11,980	6,039	5,619	7,629
6,616	Development & financial contributions	16,239	19,422	19,787	17,651	15,574	14,491	14,546	13,819	14,087	9,748
	- Gross proceeds from sale of assets	24,800	7,153	-	3,316	-	3,316	-	3,316	-	3,316
	- Less cost of property sales	-	-	-	-	-	-	-	-	-	-
	Plus non-cash items:										
10,749	Vested assets	10,733	10,917	11,095	11,285	11,483	11,194	11,416	11,645	11,892	12,153
	- Revaluation - non-current assets	1,256	1,284	1,312	1,341	1,432	1,529	1,566	1,670	1,780	1,897
138,388	Total income	194,973	212,803	228,541	229,537	249,107	247,435	229,238	234,005	237,469	245,887
EXPENDITURE											
Statement of Financial Performance											
117,550	Total operating expenditure	136,970	148,536	155,715	168,477	176,996	184,657	192,851	196,317	201,955	206,969
Funding Impact Statement											
96,419	Total applications of operating funding	111,822	121,862	127,208	135,755	143,260	148,968	153,397	156,454	159,603	162,977
	Plus non-cash items:										
21,131	Depreciation	25,148	26,674	28,507	32,722	33,736	35,689	39,454	39,863	42,352	43,992
117,550	Total expenditure	136,970	148,536	155,715	168,477	176,996	184,657	192,851	196,317	201,955	206,969