

Revenue and Financing Policy

This policy is required by section 102 of the Local Government Act 2002, and the required content is shown in sections 101 and 103.

The purpose of the revenue and financing policy is to provide and explain the policy of the West Coast Regional Council for the funding of operating and capital expenditure from the following sources:

- General rates, including information regarding choice of valuation system or differential rating, and uniform annual general charges
- Targeted rates
- Fees and charges
- Income from investments
- Borrowing
- Proceeds from asset sales
- Financial contributions under the Resource Management Act 1991
- Grants and subsidies
- Other sources

The following considerations were factors in determining the sources of revenue and finance for each of the Council's activities.

Available Funding Sources/Mechanisms

Investment Income

Council at present has funds under management with its Fund Manager. Council is currently using 100% of this income to offset rates.

Council also has a Catastrophe fund of \$1million invested with its Fund Manager. Interest earned on this fund is retained 100% within the Catastrophe Fund. The Council has in place insurance cover on its infrastructure (River, Drainage & Coastal protection assets) with a grouping of South Island Councils. The catastrophe fund of \$1million will provide easily accessible funding in the event of a catastrophe.

Environment Court appeals for RMA planning, enforcement and resource consent are unpredictable. If significant legal expenses are likely to be incurred, Council may consider allocating an additional unbudgeted funding allocation from the investment fund to cover legal fees.

General Rates and Choice of Rating System for General Rate

All general rates are set and assessed across the region (which includes Buller, Grey and Westland District areas), but that might be on a uniform or a differential basis.

Uniform Annual General Charge

Council will use a Uniform Annual General Charge of \$112.50 + GST as well as a general rate in the \$ of Capital Value. Council sees including the setting and assessing of a Uniform Annual General Charge as being a fairer way of spreading the imposition of the general rate over ratepayers in the Region. This recognises that all ratepayers receive a base level of service regardless of the Capital Value of their property. The Uniform Annual General Charge will be set and assessed on all rating units.

Council sets its rate on a differential basis and it has decided for the 2021/22 year that the differential relationship for the categories are:

- Buller District Area 31% (same as previous year)
- Grey District Area 39% (same as previous year)
- Westland District Area 30% (same as previous year)

Council checks the validity of these differentials from time to time using a comparison involving district Capital Values, District population and the number of rating units. These comparisons continue to support the above differentials as shown in the following table:

	Buller	Grey	Westland
% based on number of rating units	32%	39%	29%
% based on Capital Value	30%	35%	35%
% based on population	31%	42%	27%
Average	31%	39%	30%

Since its creation in 1989, the Council has set and assessed its general rate using the Capital Value system. The nature of the Council's business has not altered significantly in that time. Council concludes that the system of setting and assessing its General Rate should continue to use the Capital Value system.

General rates are used to fund activities where Council believes there is a general benefit to all ratepayers and it is not possible to identify or charge the cost directly to the beneficiaries.

Targeted Rates

Council may set and assess targeted rates for the purpose of undertaking specific services or work for the benefit of all or part of the Region. Council will be setting and assessing targeted rates to fund the following types of expenditure:

- Various river, drainage and coastal protection schemes. These rates are only set and assessed over properties that have a direct beneficiary or cause/effect relationship with the service being provided.
- A Regional Emergency Management rate will be set and assessed across the region to fund Emergency Management responsibilities.
- Te Tai o Poutini Plan (TPPP) rate is set and assessed across the region to fund the work required in preparing this Plan mandated by the Local Government Commission Order in Council.
- The Warm West Coast targeted rate scheme requires homeowners who borrowed money from Council to improve their home heating and insulation, pay this amount back via regional rates.

Rating District Balances

Various river, drainage and coastal protection rating districts have credit balances carried forward from year to year. At various times these credit balances will be utilised to fund works required in those rating districts.

Fees and Charges

Council may directly charge the beneficiary for a service, where the beneficiary is identifiable and there is a lawful mechanism to enable the Council to collect such fees and charges. Fees and Charges are detailed at the end of this Long-Term Plan document.

Borrowing

The Council's Long-Term Plan only envisages borrowing to fund:

- scheme works where Council has sought the views of the contributing community prior to carrying out the river, drainage or sea protection works; and
- work programmes that have future benefits and where the expenditure is uneven, and borrowing is an effective strategy for smoothing the rating impact.

Council borrows the funds required to carry out the works and normally rates the properties identified as benefiting from the works, to service and repay the loan for up to a 30 year period.

Funding of Operating and Capital Expenditure

Operating Costs

Council policy is to fund Operating expenditure from current revenues and retained credit balances (e.g. rating district targeted rate credit balances).

Capital Expenditure

This is funded by retained depreciation funding or rating district credit balances (for river control works).

Revenue and Financing Sources and Mechanisms for the Council's Activities

Group of Activities	Activity	Funding Source
The cost of Governance; elections and the democratic process yields regional benefits that are appropriately funded from general rates.	<ul style="list-style-type: none"> • Democracy • Community Consultation • Māori Capacity 	<ul style="list-style-type: none"> • 100% General Rate / UAGC
Regional Policies and Plans involve completing the plan process for various plans under the Resource Management Act and the Biosecurity Act. These plans yield region wide benefits and are funded 100% by the General Rate.	<ul style="list-style-type: none"> • Plan changes and reviews • Policy analysis reports • Responses 	<ul style="list-style-type: none"> • 100% General Rate / UAGC
Monitoring the State of the Environment documents trends in environmental quality, and helps indicate effectiveness of policies and plans. This activity is assessed as yielding regional benefits and it is 100% funded by the General Rate.	<ul style="list-style-type: none"> • Water quality monitoring • Hazardous substances sites • Air quality monitoring • Ground water monitoring 	<ul style="list-style-type: none"> • 100% General Rate / UAGC
Resource consents are required under the Resource Management Act to allow activities that otherwise are restricted. Consent processing is generally funded 75% by user charges and 25% by general rates, which represents a fair assessment of private and public benefit. Consent Appeals and Enquiries costs are not recoverable from any particular applicant and are therefore funded 100% by the General rate.	<ul style="list-style-type: none"> • Consent Processing • Consent Support • Consent Enquiries • Consent Appeals 	<ul style="list-style-type: none"> • 55% - 65% User charges • 35% - 45% General Rate / UAGC
The monitoring of resource consents and mining licences ensures compliance with resource consent and mining licence conditions and is a duty of the Council under section 35 of the RMA. Compliance Enquiries, Complaints and Enforcement Appeals costs are not recoverable from any specific persons and are therefore General Rate funded. Oil Spill Response planning and capability is funded 100% by User Charges from Maritime NZ	<ul style="list-style-type: none"> • Compliance monitoring • Dairy Sheds • Compliance enquiries • Compliance Support • Incident complaints • Enforcement • Oil spill response capability and planning 	<ul style="list-style-type: none"> • 75% - 85% User charges • 15% - 25% General Rate / UAGC • 100% User Charges (MNZ)
Civil defence and emergency management response activities include Civil Defence Plan review and implementation activities funded by targeted rate. Hazard research is funded by general rate.	<ul style="list-style-type: none"> • Civil Defence Response • Hazards Research 	<ul style="list-style-type: none"> • 60% - 70% Targeted Rate • 30%-40% General Rate / UAGC
Transport activities involve various transport related responsibilities which the Council receives approximately various subsidies from NZTA.	<ul style="list-style-type: none"> • Total Mobility • Wheelchair Hoist • Regional Transport Planning 	<ul style="list-style-type: none"> • 50% Subsidy • 100% Subsidy • 64% Subsidy • The balance of costs are covered by General Rates and UAGC
The Council administers 25 special rating districts under the Soil Conservation and Rivers Control Act. Expenditure on works directly attributable to a specific rating district is funded on a user pays basis by way of targeted rates onto those communities that benefit. Other expenditure is funded by the General rate recognising indirect benefits to the wider community. River cross-sections work is paid 50-50.	<ul style="list-style-type: none"> • Rating Districts • Rating District Management • River Cross section Studies 	<ul style="list-style-type: none"> • 100% Targeted Rates • 100% General Rate / UAGC • 50% Targeted Rate • 50% General Rate / UAGC
Council operates a number of hard rock quarries throughout the region for the purpose of supplying good quality durable rock for river protection works. The quarries are operated on a fully cost recoverable basis from rock users.	<ul style="list-style-type: none"> • Quarry Operations 	<ul style="list-style-type: none"> • 100% User Charges (rock sales)