



**I, Kitea Tipuna, Tumu Whakarae Chief Executive, hereby give notice that  
an Ordinary Meeting of Council will be held on:**

**Date:** Tuesday, 12 March 2024  
**Time:** 1:30pm  
**Location:** Council Chamber, Wairoa District Council,  
Coronation Square, Wairoa

# **AGENDA**

## **Ordinary Council Meeting**

**12 March 2024**

**MEMBERSHIP:** His Worship the Mayor Craig Little, Cr Denise Eaglesome-Karekare, Cr Jeremy Harker, Cr Melissa Kaimoana, Cr Chaans Tumataroa-Clarke, Cr Benita Cairns, Cr Roslyn Thomas

The agenda and associated papers are also available on our website: [www.wairoadc.govt.nz](http://www.wairoadc.govt.nz)

For further information please contact us 06 838 7309 or by email [info@wairoadc.govt.nz](mailto:info@wairoadc.govt.nz)





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- 1 KARAKIA**
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF CONFLICT OF INTEREST**
- 4 CHAIRPERSON'S ANNOUNCEMENTS**
- 5 LATE ITEMS OF URGENT BUSINESS**
- 6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 15.1 requests to speak must be made to the Chief Executive Officer at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

**7 MINUTES OF THE PREVIOUS MEETING**

Ordinary Meeting - 13 February 2024

**MINUTES OF WAIROA DISTRICT COUNCIL  
ORDINARY COUNCIL MEETING  
HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA  
ON TUESDAY, 13 FEBRUARY 2024 AT 1:30 PM**

**PRESENT:** His Worship the Mayor Craig Little (via Zoom), Cr Denise Eaglesome-Karekare, Cr Jeremy Harker, Cr Melissa Kaimoana, Cr Benita Cairns, Cr Roslyn Thomas

**IN ATTENDANCE:** **Kitea Tipuna** (Tumu Whakarae | Chief Executive) **Gary Borg** (Pouwhakarae – Pūtea/Tautāwhi Rangapū | Group Manager Finance and Corporate Support), **Hinetaakoha Viriaere** (Pouwhakarae Whakamahere me te Waeture | Group Manager Planning & Regulatory), **Michael Hardie** (Pouwhakarae – Hua Pūmau | Group Manager Assets and Infrastructure), **Juanita Savage** (Pouwhakarae Rātonga Hapori me te Whakawhanake | Group Manager Community Services and Development), **Sarayde Tapine** (Kaiurungi Kaupapa Here me Mana Ārahi | Policy and Governance Advisor), **Steve Fabish** (Community Development & Services Support Officer), **Hira Campbell** (Kaiwhakahaere Hua Pūmau Huarahi | Transport Asset Manager), **Jamie Cox, Jonny Hardie**

**1 KARAKIA**

The Opening Karakia was given by the Chief Executive, Kitea Tipuna.

**2 APOLOGIES FOR ABSENCE**

**APOLOGY**

**RESOLUTION 2024/01**

Moved: Cr Benita Cairns

Seconded: Cr Melissa Kaimoana

That the apology received from His Worship the Mayor Craig Little and Cr Chaans Tumataaroa-Clarke be accepted and leave of absence granted.

**CARRIED**

**3 DECLARATIONS OF CONFLICT OF INTEREST**

Cr Harker – Items 8.1 and 8.2 – QRS Draft letter of expectation & QRS Directors fees review 2024. He will be leaving the room during discussions of these items.

Cr Cairns noted a potential conflict of interest in relation to Item 10.2.

**4 CHAIRPERSON'S ANNOUNCEMENTS**

Cyclone Gabrielle's one year anniversary event day is occurring on Wednesday 14<sup>th</sup> Feb.

**5 LATE ITEMS OF URGENT BUSINESS****ITEM 8.6 – RECOVERY REVIEW MOVED TO PUBLIC EXCLUDED****RESOLUTION 2024/02**

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Roslyn Thomas

That Item 8.6 - Recovery Review be moved to public excluded for the reason that it involves natural persons reference to s7(2)(a) of section 48 (1)(a)(i) of the Local Government Official Information and Meetings Act 1987.

**CARRIED**

**6 PUBLIC PARTICIPATION**

Nil.

**7 MINUTES OF THE PREVIOUS MEETING****RESOLUTION 2024/03**

Moved: Cr Roslyn Thomas

Seconded: Cr Jeremy Harker

That the minutes of the Ordinary Meeting held on 19 December 2023 and the Extraordinary Meeting held on 19 December 2023 be confirmed.

**CARRIED**

Cr Harker left the room at 1:35pm.

**8 GENERAL ITEMS****8.1 QRS - DRAFT LETTER OF EXPECTATION****RESOLUTION 2024/04**

Moved: Cr Benita Cairns

Seconded: Cr Melissa Kaimoana

That Council formally engage with the Board of QRS to develop an enhanced letter of expectation and to also develop a Wairoa District Council shareholder manual.

**CARRIED**

The Chief Executive spoke to this report.

The Group Manager of Finance and Corporate Support suggested QRS look at doing a statement of intent.

Cr Thomas noted that environmental sustainability needs to be considered in relation to business growth. Cr Cairns noted that Item 8.1 serves as a commendable example for the application of broader outcomes.

## **8.2 QRS DIRECTORS FEES REVIEW 2024**

### **RESOLUTION 2024/05**

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Roslyn Thomas

That Council approves a total pool for QRS Directors' Fees of \$162,884 per annum for the year ending 30 June 2024, with the distribution of the pool to be agreed by the board.

**CARRIED**

The Group Manager of Finance and Corporate Support spoke to this report, initiating a discussion on aligning director fees with councillor fees, noting a proposed 23% increase.

The Chief Executive noted that there is a requirement for an amendment to be made regarding the authoriser on the agenda.

Cr Harker returned to the meeting at 1:49pm.

## **8.3 UPDATE TO DELEGATIONS MANUAL**

### **RESOLUTION 2024/06**

Moved: Cr Benita Cairns

Seconded: Cr Melissa Kaimoana

That Council approve the updates to the Wairoa District Council Delegations Manual attached as Appendix 1 on pages 20 and 62 and additional amendments to update titles.

**CARRIED**

The Chief Executive spoke to this report. He noted the brief amendments being implemented is in response to the recommendation made by Malcolm Alexander of Yule Alexander Limited during his review of the Wairoa Recovery process.

**8.4 TERMS OF REFERENCE AND APPOINTING AN ALTERNATE TO THE HAWKE'S BAY CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP JOINT COMMITTEE****RESOLUTION 2024/07**

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Melissa Kaimoana

That Council:

- a) Receive and adopt the amended Terms of Reference for the Hawke's Bay Civil Defence Emergency Management Group Joint Committee attached as appendix 1
- b) Appoint Councillor Jeremy Harker as the Wairoa District Council alternate to the Hawke's Bay Civil Defence Emergency Management Group Joint Committee

**CARRIED**

The Policy and Governance Advisor spoke to this report. She noted the modified terms of reference to include tangata whenua representation as outlined on page 127 of the agenda. Additionally, she emphasised the necessity to appoint an alternate.

Elected members discussed possible options of being the alternate and together decided to appoint Cr Harker.

Cr Kaimoana queried why the mana whenua representations had no right to vote. The Chief Executive responded, stating that legislation prohibits individuals outside of a local government organisation from sitting on a joint committee and have voting rights. He also highlighted the structure of a joint committee.

**8.5 TIMETABLE FOR LONG-TERM PLAN 2024-27****RESOLUTION 2024/08**

Moved: Cr Melissa Kaimoana

Seconded: Cr Jeremy Harker

That Council endorses the LTP timetable, with particular attention to its availability for engagement, consultation and decision-making.

**CARRIED**

The Group Manager of Finance and Corporate Support briefly spoke to this report, indicating the anticipation of the second iteration of the recovery plan to contribute information to the LTP.

Cr Eaglesome-Karekare expressed a preference for the inclusion of a dedicated recovery component within the LTP.

Cr Kaimoana asked if there is money being saved without the need for the LTP to be audited.

The Group Manager of Finance and Corporate Support acknowledged the savings and indicated that this information would be presented at the next Māori Standing Committee and Youth Council meeting.

## 9 RECEIPT OF MINUTES FROM COMMITTEES/ACTION SHEETS

Nil.

## 10 PUBLIC EXCLUDED ITEMS

### RESOLUTION TO EXCLUDE THE PUBLIC

#### RESOLUTION 2024/09

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Benita Cairns

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<b>10.1 - Infrastructure Improvements - School zones</b>	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>10.2 - Service delivery review of Wairoa District Council's storage and management of archives</b>	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or



	<p>the subject of the information</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	section 7
<b>10.3 - CONCEPT DESIGN APPROVAL – WAIROA RIVER RESERVE RESTORATION</b>	<p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>10.4 - BUILDING EXTERIOR COLOUR PALETTE APPROVAL – WAIROA ISITE DEVELOPMENT</b>	<p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>8.6 – Recovery Review Report</b>	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good

		reason for withholding would exist under section 6 or section 7
CARRIED		

**RESOLUTION 2024/10**

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Roslyn Thomas

That Council moves out of Closed Council into Open Council at 3:51pm.

CARRIED

The Meeting closed at 3:53pm with a Closing Karakia given by the Chief Executive, Kitea Tipuna.

The minutes of this meeting were confirmed at the Ordinary Council Meeting held on 12 March 2024.

.....  
CHAIRPERSON

## 8 GENERAL ITEMS

### 8.1 QRS STATEMENT OF INTENT FOR THE PERIOD 1 JULY 2024 TO 30 JUNE 2027 AND HALF-YEARLY REPORT TO 31 DECEMBER 2023.

**Author:** Gary Borg, Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager Finance and Corporate Support

**Authoriser:** Kitea Tipuna, Tumu Whakarae Chief Executive

**Appendices:** 1. Statement of Intent [↓](#)  
2. Half-yearly Report [↓](#)

#### 1. PURPOSE

- 1.1 To present the Draft QRS Statement of Intent 2024-27 and the company's 6 monthly performance report to 31 December 2022 for consideration by Council.

#### RECOMMENDATION

The Deputy Chief Executive RECOMMENDS that Council

Receives the QRS draft Statement of Intent 2024-27 and the 6-month performance report to 31 December 2023.

#### 2. BACKGROUND

- 2.1 The Local Government Act 2002 (Schedule 8, paragraph 2) requires a Council Controlled Organisation (CCO) to deliver to its shareholders a Draft Statement of Intent (Sol) on or before 1 March each year.
- 2.2 Having received a Draft Sol, Council is required to comment, if it chooses to do so, within two months of 1 March. (LGA 2002 (Sch. 8, para.3))
- 2.3 The Draft Sol, attached as **Appendix 1**, was delivered to Council on 1 March 2024. It is complete in respect of the requirements of LGA 2002 Sch. 8, para.9.
- 2.4 Section 66 of the Act, and the company's current Sol, requires the Board to deliver to Council a half-yearly report on its operations within 2 months of the end of the first half of the financial year. This was also delivered within the prescribed timeframe.
- 2.5 The half-yearly report is attached as **Appendix 2**.
- 2.6 In addition, the company has paid an interim distribution of \$50,000.

#### 3. STATEMENT OF INTENT

- 3.1 The Draft Sol sets out the overall activities and intentions of QRS for the 3 years commencing 1 July 2024. The following are noted:
- 3.1.1. The document is written immediately after the 1<sup>st</sup> anniversary of Cyclone Gabrielle and the Chairman's foreword notes the company's aim to support the infrastructure rebuild in Wairoa.

- 3.1.2. The table of Performance Targets forecasts increases in revenue of more than 25% compared to the 2023-26 Statement of Intent with forecast profits trebling. The indicative minimum distribution is unchanged.

#### 4. HALF YEARLY REPORT

- 4.1 At the half year the company has achieved 50% more revenue and profit than its previous best results ever for a full year. The Chairman attributes this to its *'continuous improvement cycle for core business planning and management'*.
- 4.2 Other items of note:
- 4.2.1. The vacant board position was filled with the appointment of Lauren Jones
- 4.2.2. To maintain the higher level of operations staff levels have increased by 18%
- 4.2.3. The company's Operations Hub opened in November 2023.

#### 5. OPTIONS

- 5.1 The options identified are:
- Receive the Draft Statement of Intent without amendment and the half-yearly report; or
  - Receive the Draft Statement of Intent 2023-2026 subject to further updates and receive the half-yearly report.
- 5.2 Discussions with QRS regarding Council's expectations continue. Since Council has more than a month to comment, receiving the report will provide a formal and transparent record of this process.
- 5.3 The preferred option is *b)*, this contributes to the following community outcomes

Economic wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
1. A strong, prosperous and thriving economy. 2. A safe and integrated infrastructure.	6. Strong district leadership and a sense of belonging	

#### 6. CORPORATE CONSIDERATIONS

##### What is the change?

- 6.1 There are no changes to council operations resulting from this decision.

##### Compliance with legislation and Council Policy

- 6.2 Both documents comply with the requirements of the Local Government Act 2002 in terms of content. As noted, they were delivered before the statutory date of 1 March 2024.

##### What are the key benefits?

- 6.3 These documents provide an oversight of the company and provide Council with a health check on its main equity investment.

**What is the cost?**

6.4 There is no cost with this decision.

**What is the saving?**

6.5 No savings are generated with this decision.

**Who has been consulted?**

6.6 No consultation is required or has been undertaken on this report.

**Service delivery review**

6.7 This report does not trigger a need for a s17A review.

**Māori Standing Committee**

6.8 This has not been referred to the Māori Standing Committee because it is of equal interest to the whole community.

**7. SIGNIFICANCE**

7.1 The decision can be changed by using LGA 2002 Section 8 paragraph 5(1) which allows for shareholders by resolution to require the CCO Board to modify a statement of intent after due consultation with the Board.

7.2 Although there are strategic considerations this matter is largely administrative and is assessed as being of low significance.

**8. RISK MANAGEMENT**

8.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

Human	Financial	Regulatory
Low	Low	Low
Operations	Employees	Image & Reputation
Low	Low	Low

**Further Information**

Not Applicable.

**Background Papers**

Not Applicable.

**References (to or from other Committees)**



This matter is refreshed annually and considered by Council.

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

 	
Author Gary Borg	Approved by Kitea Tipuna





# Statement of Corporate Intent

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2024-2027





# Foreword



Quality Roding and Services (QRS) is incorporated and domiciled in New Zealand and wholly owned by Wairoa District Council (WDC). It is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

Our speciality is civil construction, road maintenance, quarrying, heavy transport, traffic management, and concreting. We offer civil engineering skills, experience, and equipment, as well as a large-scale heavy diesel workshop.

This Statement of Corporate Intent sets out the company's rolling targets and policies for the next three years. It has been developed in consultation with WDC. By achieving its goals the company will continue to provide significant support to the wider Wairoa community.

At a high level the company will aim to:

- deliver a fair commercial return and make contributions to our shareholder
- support community prosperity and wellbeing, and
- support Wairoa's economic development via the post-Cyclone Gabrielle transport infrastructure rebuild.

QRS continues to be a transparent and respected part of the Wairoa community and a recognised employer of choice. We look forward to continuing our significant contribution to WDC and the communities that we serve.

A handwritten signature in black ink, appearing to read 'Guy Gaddum'.

**Guy Gaddum**

*Quality Roding and Services*

*Chair*

March 2024



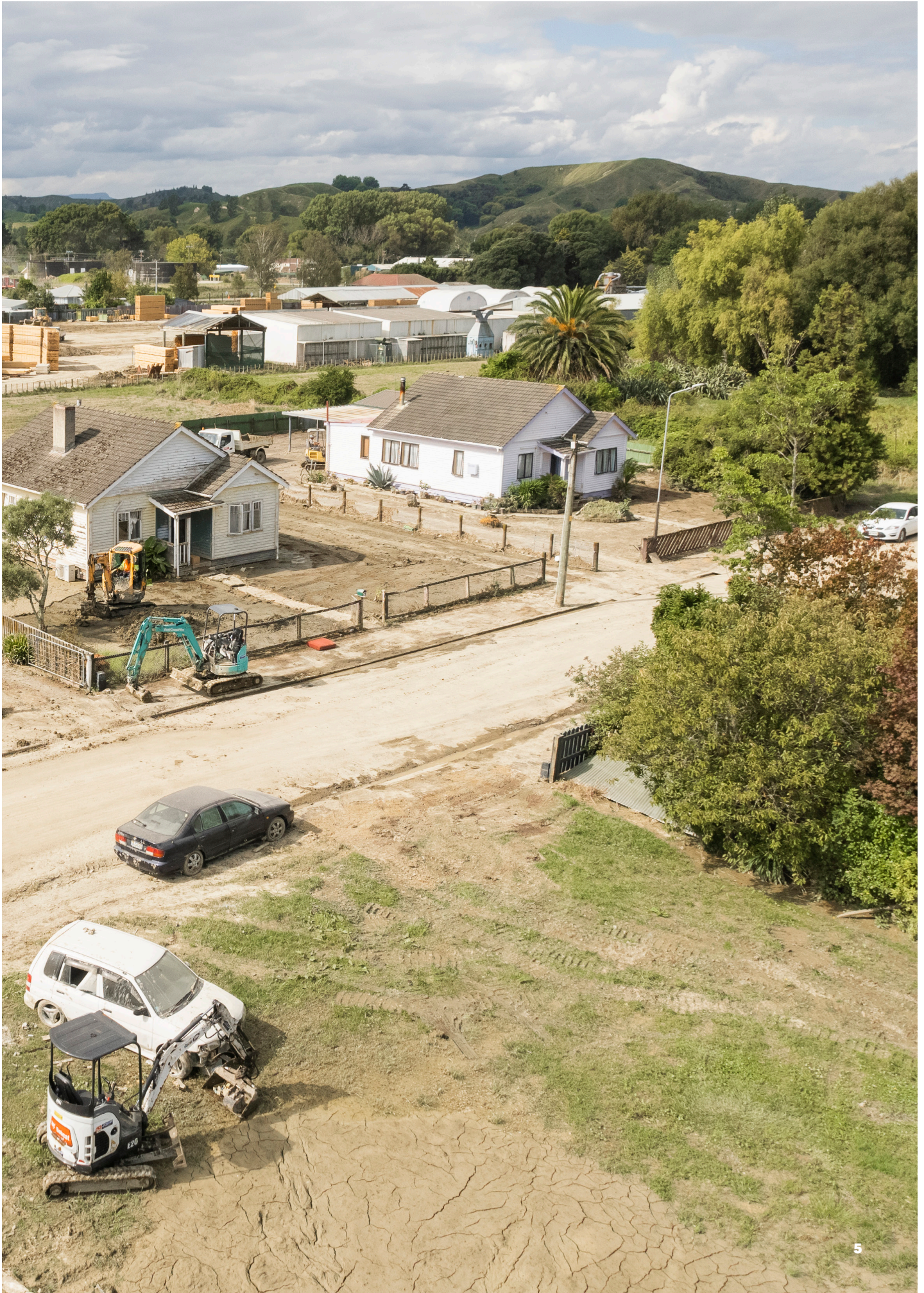
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### 1. Nature and scope of company activities

QRS and its staff are an integral part of Wairoa and the wider district. Our speciality is civil contracting, construction, infrastructure, temporary traffic management, concrete batching and roading. We offer a full range of civil engineering skills, experience, and equipment.

The principal activities of QRS are:

- roading maintenance and associated construction
- civil construction
- traffic management
- heavy transport
- concrete.

### 2. Mission and vision

#### Wairoa District Council

##### Mission

*WDC exists so that residents and visitors alike can enjoy the community in which they live and visit, supported by local decision-making to promote the social, economic, environmental, and cultural wellbeing of the Wairoa district, in the present and for the future.*

##### Vision

*Connected communities, desirable lifestyles, treasured environments.*

#### Quality Roading and Services

##### Vision

*Connecting and growing our communities*

##### Brand promise

*Your people, your solution, you're sorted.*

##### Values



### 3. Governance

The role of the board is to effectively represent WDC and not to act contrary to the interests of WDC whilst adding long term value to the company.

The board will regularly review and monitor the management of the company by:

- a) Determining purpose and direction by establishing objectives which are appropriate to the environment and circumstances.
- b) Developing an effective governance culture by ensuring the company's objectives are understood and endorsed by management; consider policies that will strengthen the company's performance; and engage effectively with the chief executive and leadership team.
- c) Satisfying itself that the company is achieving its objectives by agreeing with management a set of financial and non-financial key performance indicators relevant to the agreed objectives.

The board will hold quarterly governance meetings with WDC.

Day-to-day management of the company will be delegated to the chief executive.

### 4. Ratio of shareholder funds to total assets

To provide the company with the capacity to grow whilst maintaining an efficient capital structure that minimizes risk, QRS will target the ratio of shareholder funds to total assets for each year at not less than 45%.

The shareholder funds and total assets are defined as disclosed in the audited statement of financial position as at 30 June.

### 5. Accounting policies

The company's accounting policies comply with the requirements of the Financial Reporting Act 1993 and are consistent with generally accepted accounting principles.

Details of the accounting policies and their application are contained in Appendix 2.

6. Procurement

QRS will uphold its duty to make a positive contribution to the community by helping WDC achieve its goals of creating a thriving community, desirable lifestyle and a treasured environment.

QRS will respect culture and employment opportunities for everyone, as well as equity in financial wellbeing, and value and respect for the natural and built environment we live in.

QRS acknowledges the importance that WDC places on the principles of social procurement. This is based on the understanding that QRS has a unique responsibility to the Wairoa community to provide a financial return on ratepayer investment as well as providing the wider benefits

of secure employment, personal development of employees, resilience to the community, and focussing on the health and wellbeing of our employees and their whānau.

WDC will engage with QRS at a governance level for non-subsidised work thereby giving both organisations the opportunity to strategically provide the best benefits for Wairoa. If in doubt, the shareholder, as the contracting entity may apply principles of transparency and non-discrimination.

7. Performance targets

The following performance targets are the measures by which the company’s performance will be judged as published in the Long-Term Plan 2021-2031.

	2024/25	2025/26	2026/27
Target revenue	\$30,000,000	\$31,500,000	\$33,075,000
Net profit after-tax	\$2,160,000	\$2,268,000	\$2,381,400
Shareholder distribution forecast	\$250,000	\$250,000	\$250,000
Net profit pre-tax of opening shareholder funds	6%	6%	6%
Ratio of shareholders funds	>45%	>45%	>45%
Cost of debt servicing/revenue	<20%	<20%	<20%

8. Reports to the shareholder

8.1 General

The company will disclose information on its operations as is necessary to enable the shareholder to make an informed assessment of the performance of the company.

8.2 Draft Statement of Corporate Intent

The board will deliver to the shareholder a draft Statement of Corporate Intent on or before 1 March each year.

8.3 Completed Statement of Corporate Intent

The Board will:

- consider any comments on the draft Statement of Corporate Intent that are made to it within two months of March by the shareholder; and
- deliver the completed Statement of Corporate Intent to the shareholder on or before 30 June each year.

8.4 Quarterly update

The company will provide a quarterly update to WDC.

## 8.5 Half year reporting

The Board will, by 28 February each year, deliver to the shareholder unaudited financial statements consisting of:

- Statement of Financial Position
- Statement of Financial Performance
- Cash Flow Statement for the six months to 31 December, together with statements of explanation and accounting policies upon which the financial statements are based
- a report on operations of the company during the period, and the amount of any interim distribution recommended, and the outlook for the next six months including any significant changes to previous forecasts or reports.

The company will make a formal presentation of the report at a meeting called by the shareholder. This meeting will be a formally constituted meeting of WDC called in terms of the Local Government Act 2002.

## 8.6 Annual Report

The Company will make available to the shareholder and the public, audited financial statements in accordance with Section 67 of the Local Government Act 2002 within three months after the end of each financial year, being 30 September.

The annual general meeting of the company will be held no later than 21 days after the delivery of the annual report to the shareholder.

The company will make a formal presentation of the report to a meeting called by the shareholder. This meeting will be a formally constituted meeting of WDC called in terms of the Local Government Act 2002.

## 9. Consent for shareholding

Notwithstanding anything else contained in the constitution or the act, the board may not subscribe for, purchase, or otherwise acquire shares in any other company or other person without the prior written approval of the shareholder.



## 10. Estimate of commercial value of the shareholder's investments

The board will make an estimate of the commercial value of the company each year. The shareholder will be advised of the value of their investment accordingly.

## 11. Distribution policy

### Distribution payments – financial

The company will pay the shareholder a minimum annual distribution of \$250,000. This includes an interim distribution of \$50,000 after the six-monthly result, subject to the company passing the solvency test and board signing a solvency certificate.

In arriving at a recommendation in respect to a distribution the board will have regard to the company's:

- vision and objectives
- financial performance for the past financial year taking regard for the future commercial environment
- ability to meet financial commitments
- investment proposals and profitability thereof
- ability to secure suitable financial arrangements
- requirements to reinvest in renewal of assets
- shareholder expectations with respect to overall performance of the company's commercial outcomes.

The Board may recommend the payment of distributions in addition to those contained within this Statement of Corporate Intent.

### Non-financial contributions

QRS aims to be an employer of choice in the district. Our diverse, challenging, rewarding, and safe work environment ensures that our employees are engaged and have the opportunity to grow professionally and personally. We feel it is important that all our people have the opportunity

to learn new skills and undertake professional development as this will benefit the company and the community. QRS will continue to invest sponsorship and support in kind to local events, sporting groups, community and iwi groups, and schools.

## 12. Treasury policy

### Corporate objectives

Ensure the company is able to meet its future commitments as they fall due in both the short and long term through active treasury risk management. QRS will:

1. Reduce company cost of borrowing through effective control and management of its interest rate risk, and manage the company's exposure to interest rate risk within acceptable levels.
2. Manage funding risk by the selection of the best available methods for long term financing requirements.
3. Manage the company's return on funds invested through the effective control and management of its interest risk and maintain company exposure to interest risk within acceptable levels.
4. Maintain adequate internal controls to ensure that funds are invested and borrowed in accordance with company policy.
5. The use of long-term funds will be restricted to development and establishment of capital assets and the repayment of equity.

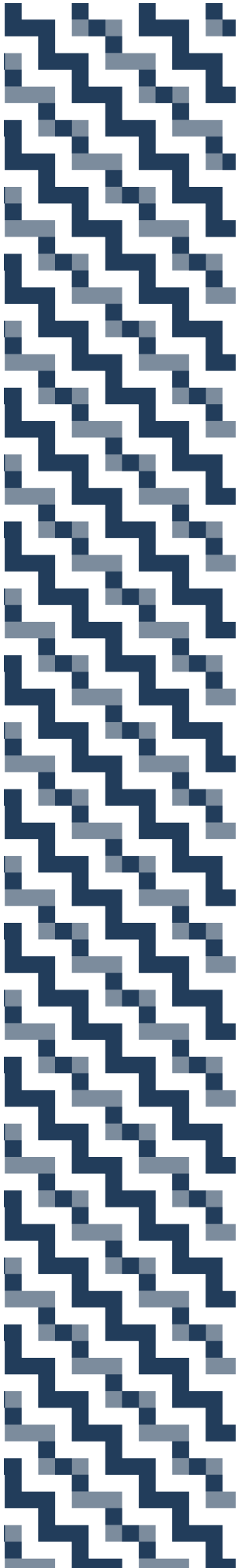
## 13. Investment policy

WDC believes it is important to maintain expertise in construction, roading and maintenance in the district, balanced with an intent to reduce ratepayer costs by providing effective, sustainable competition and providing community support.

As those ratepayers do not have any direct involvement with how that investment is determined, the directors owe a special duty of care to how that investment is managed.

As an overall investment policy and in alignment with the WDC Investment Policy (item 4.3 dated





5 August 2015) and the WDC Long Term Plan 2021-2031, the company will endeavour to maximise the return on opening shareholder funds whilst acting within legislative parameters, maintaining investment risk within acceptable limits, and ensuring the company's funds are properly safeguarded.

The company will also operate as per Section 59 of the Local Government Act 2002 which states that the principal objective of a CCO (Council Controlled Organisation) is to:

- achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the Statement of Corporate Intent
- be a good employer
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so,
- and if the CCO is a CCTO (Council Controlled Trading Organisation), it will conduct its affairs in accordance with sound business practice.

While the company's ability to provide regular distributions is a strategic objective in the WDC investment policy, growth opportunities are also available with reinvestment in the business.

In addition, WDC and QRS will go beyond formal governance structures to encourage collaborative behaviour and or identify opportunities for collaborative solutions for the benefit of the community.

Meanwhile, QRS continues to balance its return on shareholder value by contributing to the community socially and financially. The company invests in organisations that have a core focus of assisting the environment, children, and causes that support social wellness for individuals and the community of Wairoa.



# Appendix 1

## Collaboration policy

Quality Roding and Services (QRS) has embraced working collaboratively as a key pillar for achieving its vision of a strong and successful company growing the Wairoa community; and sustaining a profitable and locally valuable business on a foundation of safety and quality.

QRS believes that working collaboratively will also maximise employee satisfaction, minimise conflict, and produce sustainable outcomes for the business and our clients.

To achieve these goals QRS will endeavour to develop, maintain and monitor a culture of collaboration, both internally and externally with clients and stakeholders, based on:

- building trust with each other
- looking forward, not back
- providing timely responses
- having open, honest and frank communication
- being respectful of each other
- a no surprises approach
- being positive and constructive.

QRS will support the ideal of continuous improvement in working collaboratively.



**Jeremy Harker**

Quality Roding and Services  
Chief Executive Officer

March 2024





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# Appendix 2

## Accounting policies

The company's accounting policies comply with the requirements of the Financial Reporting Act 1993 and are consistent with generally accepted accounting principles.

The general accounting principles recognised as appropriate for the measurement and reporting of results and financial position on a historical cost basis have been followed.

The following particular accounting policies which materially affect the measurement of results and financial position have been applied.

### 1. Revenue recognition

QRS is in the business of providing road maintenance and construction and sale of aggregate. Revenue from contracts with customers is recognised when control of the physical work completed on the client's asset or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

### 2. Sale of aggregate

Revenue from sale of aggregate is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the aggregate. The normal credit term is 30 to 60 days upon delivery.

### 3. Variable consideration

QRS does not enter into variable consideration arrangements nor provide any volume rebates. In addition, there are no financing components or warranty obligations beyond normal retentions held by the customer for road construction projects.

### 4. Borrowing costs

Borrowing costs are recognised as an expense when incurred.

### 5. Goods and services tax

The financial statements have been prepared exclusive of goods and services tax (gst) with the exception of receivables and payables which are stated with gst included. Where gst is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

### 6. Employee benefits

Provision is made in respect of the company's liability for annual leave, sick leave, long service leave and retirement gratuities.

The provision for sick leave is based on the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated at balance date.

The provision for gratuities is based on the number of weeks the employee will be paid at retirement, the expected pay rate along with the probability of the employee still being employed by QRS at retirement age.

The provision for long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Expected future payments for gratuities and long service leave are discounted using market yields at the reporting date.

Defined contribution pension plan obligations are recognised as an expense in the Statement of Comprehensive Income as incurred.

## 7. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past result. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time, value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

## 8. Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arose from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

## 9. Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectable amounts. The company assesses impairment losses by estimating the expected credit loss that may exist within its portfolio of accounts receivable based on its historical experience of credit loss arising from accounts receivable.

10. Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

11. Inventories

Inventories are valued on the basis of the lower of cost, determined on a weighted average method, and net realisable value.

12. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

There are six classes of property, plant and equipment:

- freehold land
- quarries
- freehold buildings
- plant, equipment and vehicles
- office equipment and furniture
- computer hardware.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are recognised in the Statement of Comprehensive Income in other operating expenses.

13. Depreciation

Depreciation is provided on a straight-line basis on freehold buildings and quarries. Freehold land is not depreciated.

Plant, equipment and motor vehicles, office equipment and furniture, and computer hardware are depreciated at rates calculated to allocate the assets cost less estimated residual value over their estimated useful lives. The rates for major classes of assets have been estimated as follows:

Quarries	(3.3 % straight line)
Buildings	(3.3% straight line)
Plant and machinery	(20% diminishing value)
Fixtures, fittings and equipment	(20% diminishing value)
Computer hardware	(48% diminishing value)
Right of use asset	(Straight line over the term of the underlying asset)

Depreciation is calculated on a monthly basis from the date of acquisition. The assets’ useful lives, residual values and depreciation method are reviewed at least every financial year.

14. Intangible assets

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to all classes or intangible assets.

The useful lives of all intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate,

which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income when the asset is derecognised.

The amortisation of the software class of intangible assets is estimated at 20-48% diminishing value, depending on the nature of the software.

## 15. Statement of cash flows

Operating activities include cash received from all income sources of the company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity and debt capital structure of the company.

## 16. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised and as well as through the amortisation process.

## 17. Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the end of the

financial year that are unpaid and arise when QRS becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

## 18. Leases

NZ IFRS 16 Leases was adopted on 1 July 2019. The company applied the modified retrospective transition method and thus, prior comparatives were not restated. The company has elected to present right of use assets and lease liabilities separately in the Statement of Financial Position. Depreciation of right of use assets is included in depreciation in the Statement of Comprehensive Income. The cash outflows related to the principal portion of the lease liability and the related interest are presented separately within the financing activities in the Statement of Cashflows.

## 19. Significant accounting judgements, estimates and assumptions – quarry aftercare

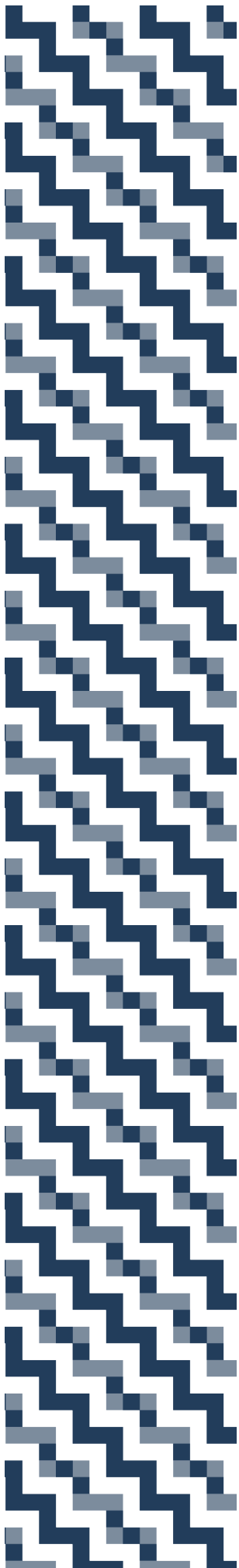
A provision has been made for the present value of anticipated costs of future restoration of quarry sites. The provision includes future cost estimates associated with quarry aftercare.

The calculation of this provision requires assumptions such as application of environmental legislation and life of metal extraction from each quarry site. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the Statement of Financial Position by adjusting both the expense or asset (if applicable) and provision.

## 20. Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs by transferring goods or services to a customer before the customer pays consideration or before



payment is due, a contract asset is recognised for the earned consideration that is conditional.

A trade receivable represents the company’s right to an amount of consideration that is unconditional (ie only the passage of time is required before payment of the consideration is due).

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when company performs under the contract.















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# Directory

## Directors

Guy Gaddum (Chair)  
Tony Gray  
Fenton Wilson  
Lauren Jones

## Auditor

David Borrie of Ernst &  
Young on behalf of the  
Office of the Auditor  
General

## Registered Office

 Kaimoana Road  
Wairoa

## Bankers

Westpac  
Level 1, 101 Queen St East, Hastings

## Postal Address

 PO Box 83  
Wairoa  
  
 (06) 838 9030

## Solicitors

Chapman Tripp  
Level 34/15 Customs Street West  
Auckland

# Chair’s Report

Six month report to 31 December 2023



***Kia ora koutou.***

It is my privilege to present the six-month report for Quality Roding and Services (QRS) to December 2023.

Over the past two years QRS has adopted the continuous improvement cycle for core business planning and management. The cycle operates with a four-step continuous loop designed to provide small incremental improvements in business performance.

The 31 December 2023 result is testament to the effectiveness of this tool as the company reports another record result.

As well as improving our planning and management systems, we have invested in management support for the business so that our frontline leaders and staff have the information they need to make decisions based on facts.

These improvements compound over time and have gone a long way to achieving this period’s \$2 million profit and \$50,000 distribution to our sole shareholder, Wairoa District Council.

Getting infrastructure back on track for the region has been the focus for the past six months. Aided by an exceptional leadership team and staff that care, we’ve been able to help fix state highways, strengthen rural roads, and contribute to civil infrastructure capital investment in the community.

During this time, we’ve invested \$4.5 million in salaries and wages and we’ve invested \$150,000 in sponsorship or work in kind to projects like the Gemmells carpark and Gaiety Theatre.

Our hardworking staff are proof that there’s no road too far, or job too hard. We’re here for the community and consider it a privilege to serve you as we head into 2024.

A handwritten signature in black ink, appearing to read 'Guy Gaddum'.

**Guy Gaddum**

Quality Roding and Services  
Board Chair  
February 2024

# CEO Report

Six month report to 31 December 2023

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## *Kia ora koutou.*

There is huge potential for Wairoa's economic development via the post-Cyclone Gabrielle transport infrastructure rebuild - and here at QRS, we're proud to be playing our part.

In one four-month period, we carried out 16km of drainage work, graded 12km of road, spread nearly 6000 cubic metres of metal, filled 322 potholes, and re-instated 152 road signs. Statistics like this are commendable given that after Cyclone Gabrielle we faced another four rain events which disrupted our work.

Despite the challenges, QRS has increased its revenue and profit. We've taken those gains and reinvested them in the company, and as a result, the community. We have employed new staff, purchased modern plant, and completed our operations hub and yard upgrades. We now employ 138 people - the most we've ever had.

Our positive performance also ensures a regular flow of income back to our sole shareholder Wairoa District Council (WDC). WDC is a conduit

through which we can contribute to Wairoa, and we'll continue to take its lead on where to focus our help.

We've begun a relationship with Tātou Tātou via the Te Raua housing development. It's important to us to be a good partner and deliver on what we say, and we look forward to further business engagements benefiting the Wairoa community.

Our relationship with Transport Rebuild East Coast (TREC) also continues as the alliance applies an East Coast first philosophy for contracting, with specialists from other regions brought in as required.

While there is still much to do around the district it was an uplifting occasion this month to see a bridge open at Te Reinga. We, and everyone else who has worked on this complex project, have never wavered in our desire to create a solution for the people of Ruakituri, Erepeti and Te Reinga. Congratulations to QRS staff and everyone involved.

**Jeremy Harker**

Quality Roading and Services

Chief Executive

February 2024

By 2035 QRS is New Zealand’s preferred construction company connecting our people and our communities.



**Vision**  
Connecting and growing  
our communities



**Values**  
EQUALITY. PRIDE. RESPECT



**Brand promise**  
Your people, your solution,  
you’re sorted.

Strategic Plan 2023-2035

By June 2024 we’ll have



Retain owner’s trust



Invest in staff



Diversify our  
services



Expand beyond  
Wairoa



Development of  
new divisions  
concrete, sealing and  
traffic management to  
deliver combined revenue  
of \$3m



Initiated and progressed  
strategic relationship with  
local iwi



Progressed strategic  
relationship with  
Waka Kotahi



Grow our capabilities  
and capacity  
deliver on outcomes  
to support Wairoa Inc.

Measuring progress



Revenue



Profit



NPS or  
customer  
loyalty



Staff  
engagement



Staff  
numbers



Revenue  
from outside  
district



Sub offices



Diversification

Your daily work and annual appraisal goals are the stepping-stones to achieving your division’s goals.  
Your division’s goals are the stepping-stones to achieving QRS’s vision.

2023-2024 Business Plan



Focus areas	Strategic objective	Critical success factors	Key performance indicators
Shareholder relationship	Assist with Wairoa District Councils (WDC) goals	Achieve Statement of Corporate Intent targets	<ul style="list-style-type: none"><li>Quarterly governance interaction with WDC</li><li>105 staff</li><li>\$50,000 community sponsorship</li><li>Minimum pre-tax distribution \$250,000</li><li>Ratio of shareholder funds to total assets &gt;45%</li><li>NPS &gt;70</li><li>0 complaints</li></ul>
Stakeholder relationship	Create opportunities through new relationships & enhancing existing ones	Relationships that add value to everyone	<ul style="list-style-type: none"><li>5% revenue outside Wairoa</li><li>0 complaints</li><li>0 contractual non-compliance or non-conformance notices</li><li>NPS &gt;30</li></ul>
People & capability	Grow capability Embrace change	Great people living our values	<ul style="list-style-type: none"><li>Succession plans reviewed quarterly</li><li>Achieve performance &amp; development targets</li><li>Staff engagement via Q12 survey &gt;26%</li><li>Sub-contractors pre-qualified =100%</li><li>0 Collaboration Policy breaches</li><li>Quarterly staff turnover &lt;15%</li></ul>

Focus areas	Strategic objective	Critical success factors	Key performance indicators
Financial performance & position	Grow financial performance	Achieve Statement of Corporate Intent financial targets	<ul style="list-style-type: none"><li>Revenue \$22m</li><li>Pre-tax profit \$1.8m</li><li>Shareholder return on opening equity 7%</li><li>Secure 100% budget for following 3 months</li><li>Overheads 15% of revenue</li></ul>
Safety & wellbeing	Safety & wellbeing is embedded in company culture	Our people drive safety & wellbeing Everyone gets home safe & well	<ul style="list-style-type: none"><li>Lost time injury frequency rate =0</li><li>Medical treatment injury frequency rate =0</li><li>Total recordable injury frequency rate =0</li><li>0 operator damage</li><li>Health &amp; safety audits score &gt;80%</li><li>Incidents reported within 24 hours</li><li>100% drug and alcohol free</li><li>0 unexplained staff absences</li><li>100% staff receive health check</li></ul>
Quality & environment	Achieve high level of quality & environmental performance	Retain existing ISO accreditations Reduce carbon footprint	<ul style="list-style-type: none"><li>0 abatement notices</li><li>Environmental audit scores &gt;80%</li><li>Quality audit scores &gt;80%</li><li>DNCE scores &gt;80%</li><li>Carbon footprint audit completed</li></ul>





# Our Shareholder

100% - owned by Wairoa District Council  
- committed to the Wairoa district

99% - employees living in Wairoa district  
- wages paid into the Wairoa economy

Statement of Corporate Intent Targets  
6 month progress

	Dec 2023		Dec 2022		Dec 2021	
	Target	Actual	Target	Actual	Target	Actual
Net profit pre-tax as a percentage of opening shareholder funds	6%	22.25%	6%	7.71%	6%	5.22%
Net profit after tax as a percentage of revenue	3%	6.47%	3%	4.29%	3%	3.09%
Distributions to shareholder	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$100,000.00
Ratio of shareholder funds to total assets - not less than	45%	50.19%	45%	59.98%	45%	74.80%



Manager of road maintenance Michelle Hedley has worked in the roading industry for 30 years and is used to emergency works on the region's roadways. But 2023 stands out as one of the most challenging for Michelle and her road maintenance crew. "This year has taught us a lot and we're used to it now. We know what needs to be done, where our gear needs to be, and what our priorities are."











*Raupani Bridge at Waihua Valley Road was fine before Cyclone Gabrielle but, like many others in the region, it is now seriously undermined. Bridge repairs and reconstruction make up about two-thirds of Quality Roading and Service's construction division work programme right now.*







*Thomas Perston qualifies as one of the region's top three skilled operators at the annual regional excavator competition held in Napier. He continued the company's tradition of excellence in excavator operation after he became Hawke's Bay East Coast Regional Excavator Operator champion in November.*

# Financial Statements

**\$24.9m** (\$10.3m last year)  
Revenue in the six months to December 2023

**In the six months to December 2023**

- \$2.2m pre-tax profit (\$663,000 last year)**
- \$4.5m salaries and wages (\$3.9m)**
- \$150,000 community investment (\$35,000)**
- \$50,000 interim distribution (\$50,000)**
- \$298,000 training spend (\$283,000)**



Switched On! is a leadership programme helping grow staff decision-making, confidence, and communication around health and safety. Our inaugural Switched On! awards were initiated by project supervisors Quintin Baty and Joe Winiana. They wanted staff, regardless of their position, to be comfortable with being a leader in health and safety. Jason Te Amo and Rob Ruru, pictured with chief executive Jeremy Harker, are our first winners.



# Statement of Comprehensive Income

for the six months ended 31 December 2023

	Notes	6 mnths to 31/12/2023 \$	6 mnths to 31/12/2022 \$	12 mnths to 30/06/2023 \$
Revenue		24,975,744	10,300,549	33,006,010
Cost of sales		16,137,710	4,034,961	(17,762,552)
<b>Gross profit</b>		<b>8,838,034</b>	<b>6,265,588</b>	<b>15,243,458</b>
Personnel expenses	2	4,838,249	4,184,311	8,634,526
Depreciation expense	3, 13	711,796	572,812	1,228,142
Administrative expenses		1,372,811	714,541	1,989,739
Other operating expenses	1	21,754	113,887	282,034
		<b>6,944,610</b>	<b>5,585,550</b>	<b>12,134,441</b>
<b>Operating profit before financing costs</b>		<b>1,893,424</b>	<b>680,037</b>	<b>3,109,017</b>
Financing income		9,980	14,186	32,189
Financing expenses		(102,889)	(30,737)	(38,059)
<b>Net financing costs</b>		<b>(92,909)</b>	<b>(16,551)</b>	<b>(5,870)</b>
Proceeds from insurance		443,783	-	243,763
<b>Net proceeds from insurance</b>		<b>443,783</b>	<b>-</b>	<b>243,763</b>
<b>Profit before subvention payment and income tax</b>		<b>2,244,297</b>	<b>663,487</b>	<b>3,346,910</b>
<b>Subvention payment - Wairoa District Council</b>		<b>-</b>	<b>(50,000)</b>	<b>(1,000,000)</b>
<b>Profit/(loss) before tax</b>		<b>2,244,297</b>	<b>613,487</b>	<b>2,346,910</b>
Income tax expense	9	(628,403)	(171,776)	(665,961)
<b>Profit/(loss) for the period</b>		<b>1,615,894</b>	<b>441,710</b>	<b>1,680,949</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>1,615,894</b>	<b>441,710</b>	<b>1,680,949</b>

## Statement of Changes in Equity

for the six months ended 31 December 2023

	Notes	6 mnths to 31/12/2023 \$	6 mnths to 31/12/2022 \$	12 mnths to 30/06/2023 \$
<b>EQUITY AT BEGINNING OF THE YEAR</b>		<b>10,085,454</b>	<b>8,604,505</b>	<b>8,604,505</b>
Profit for the period		1,615,894	441,710	1,680,949
<b>Total recognised revenues and expenses for the period</b>		<b>1,615,894</b>	<b>441,710</b>	<b>1,680,949</b>
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>
Transactions with owners in their capacity as owners		-	-	-
Dividends paid	10	(50,000)	(200,000)	(200,000)
<b>EQUITY AT THE END OF THE PERIOD</b>		<b>11,651,348</b>	<b>8,846,215</b>	<b>10,085,454</b>

# Statement of Financial Position

for the six months ended 31 December 2023

	Notes	6 mnths to 31/12/2023 \$	6 mnths to 31/12/2022 \$	6 mnths to 30/06/2023 \$
<b>ASSETS:</b>				
<b>Current assets</b>				
Bank		1,607,287	2,110,553	1,177,959
Trade and other receivables	5	5,403,275	2,364,174	7,572,922
Inventories	4	480,328	745,147	678,869
Contract assets		1,838,499	858,924	999,662
<b>Total current assets</b>		<b>9,329,390</b>	<b>6,078,798</b>	<b>10,429,413</b>
<b>Non current assets</b>				
Deferred tax		415,514	555,322	415,514
Intangible assets	12	63,579	79,765	70,585
Property, plant and equipment	13	13,088,471	7,691,596	10,417,525
Right of use assets	3	318,312	342,542	369,638
<b>Total non current assets</b>		<b>13,885,876</b>	<b>8,669,224</b>	<b>11,273,263</b>
<b>TOTAL ASSETS</b>		<b>23,215,266</b>	<b>14,748,022</b>	<b>21,702,676</b>
<b>EQUITY:</b>				
Share capital	10	1,250,000	1,250,000	1,250,000
Retained earnings	10	10,401,348	7,596,215	8,835,454
<b>TOTAL EQUITY</b>		<b>11,651,348</b>	<b>8,846,215</b>	<b>10,085,454</b>
<b>LIABILITIES:</b>				
<b>Current liabilities</b>				
Gst payable		514,450	185,418	325,317
Trade and other payables	6	2,869,025	1,263,842	4,600,410
Employee benefits	8	808,426	845,007	842,222



	Notes	6 mnths to 31/12/2022 \$	6 mnths to 31/12/2021 \$	6 mnths to 30/06/2022 \$
Interest-bearing loans and borrowings	7	602,001	91,882	465,786
Lease liability	3	117,691	114,522	117,104
Taxation payable		443,084	48,091	277,196
Contract liabilities		922,959	492,208	488,114
Wairoa District Council - subvention payment		-	50,000	950,000
<b>Total current liabilities</b>		<b>6,277,636</b>	<b>3,090,971</b>	<b>8,066,149</b>
<b>Non current liabilities</b>				
Employee benefits	8	69,775	62,642	59,735
Quarry aftercare provision	14	69,333	89,383	86,620
Interest-bearing loans and borrowings	7	4,935,101	2,426,760	3,142,719
Lease liability		212,073	232,051	262,005
<b>Total non current liabilities</b>		<b>5,286,282</b>	<b>2,810,836</b>	<b>3,551,079</b>
<b>TOTAL LIABILITIES</b>		<b>11,563,918</b>	<b>5,901,806</b>	<b>11,617,228</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23,215,266</b>	<b>14,748,022</b>	<b>21,702,676</b>

For and on behalf of the Board, who authorised the issue of these financial statements on 20 February 2024.



Director



Director

# Statement of Cash Flow

for the six months ended 31 December 2023

	Notes	6 mnths to 31/12/2023 \$	6 mnths to 31/12/2022 \$	6 mnths to 30/06/2023 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Receipts from customers		26,306,554	11,057,693	28,413,668
Financing income		9,980	14,186	31,992
Proceeds from insurance		443,783	-	243,763
		<b>26,760,316</b>	<b>11,071,879</b>	<b>28,689,423</b>
<b>Cash was disbursed to:</b>				
Payments to suppliers		18,891,231	5,811,209	17,622,214
Payments to employees		4,528,726	3,973,143	8,216,647
Payment of subvention		950,000	-	50,000
Taxes paid		462,515	154,058	281,038
Financing expense		102,889	30,737	38,059
		<b>24,935,361</b>	<b>9,969,147</b>	<b>26,207,958</b>
Net cash inflow/(outflow) from operating activities	15	1,824,955	1,102,732	2,481,465
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Proceeds from sale of property, plant and equipment		135,530	-	107,894
		<b>135,530</b>	<b>-</b>	<b>107,894</b>
<b>Cash was applied to:</b>				
Purchase of property, plant and equipment		3,350,629	2,419,150	5,844,123
		<b>3,350,629</b>	<b>2,419,150</b>	<b>5,844,123</b>
Net cash inflow/(outflow) from investing activities		(3,215,099)	(2,419,150)	(5,736,229)

	Notes	6 mnths to 31/12/2023 \$	6 mnths to 31/12/2022 \$	6 mnths to 30/06/2023 \$
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Loans and borrowings		2,339,316	3,697,867	8,597,669
		<b>2,339,316</b>	<b>3,697,867</b>	<b>8,597,669</b>
<b>Cash was applied to:</b>				
Payment of dividends		50,000	200,000	200,000
Loans and borrowings		410,716	1,442,849	5,261,450
Lease payments		59,128	60,995	136,443
		<b>519,844</b>	<b>1,703,844</b>	<b>5,597,893</b>
Net cash inflow/(outflow) from financing activities		1,819,472	1,994,023	2,999,776
<b>Net increase/(decrease) in cash held</b>		<b>429,328</b>	<b>677,606</b>	<b>(254,988)</b>
Add opening cash and cash equivalents		<b>1,177,959</b>	<b>1,432,947</b>	<b>1,432,947</b>
<b>Closing cash and cash equivalents</b>		<b>1,607,287</b>	<b>2,110,553</b>	<b>1,177,959</b>
<b>Cash balances in the Statement of Financial Position</b>				
Cash/(overdraft)		1,607,287	2,110,553	1,177,959
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<b>1,607,287</b>	<b>2,110,553</b>	<b>1,177,959</b>

The accompanying accounting policies and notes form part of these financial statements.

# Statement of Accounting Policies

for the six months ended 31 December 2023

## Reporting Entity

Quality Roding and Services (Wairoa) Limited ('QRS' or 'the Company') is incorporated and domiciled in New Zealand and is wholly owned by Wairoa District Council. The Company is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

The principal activities for the company are roading maintenance and construction, quarrying, heavy transport, traffic management, and civil construction within the Wairoa district and wider East Coast region.

## Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993, Financial Reporting Act 2013, and the Local Government Act 2002. The financial statements have also been prepared on a historical cost basis except where specifically provided for within these accounting policies. The financial statements are presented in New Zealand dollars.

## Statement of compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to international financial reporting standards (IFRSs) and other applicable financial reporting standards, as appropriate for profit-oriented entities in Tier 2 (NZ IFRS reduced disclosure regimen). The company is eligible to report in accordance with Tier 2 for profit accounting standards on the basis that it does not have public accountability and is not a large for profit public sector entity.

## Impact of Covid-19

Management and the directors have considered the impact Covid-19 has had on the business. The overall effect on the Company is not material.

## Changes in accounting policies

All accounting policies are consistent with prior year.

## Accounting policies

The following particular accounting policies which materially affect the measurement of results and financial position have been applied.

### a) Revenue

#### *Revenue recognition*

QRS is in the business of providing road maintenance and construction, and sale of aggregate. Revenue from contracts with customers is recognised when control of the physical work completed on the client's asset or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue



arrangements, because it typically controls the goods or services before transferring them to the customer.

*Sale of aggregate*

Revenue from sale of aggregate is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the aggregate. The normal credit term is 30 to 60 days upon delivery.

*Variable consideration*

QRS does not enter into variable consideration arrangements nor provide any volume rebates. In addition, there are no financing components or warranty obligations beyond normal retentions held by the customer for road construction projects.

**b) Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

**c) Goods and services tax**

The Financial Statements have been prepared exclusive of goods and services tax (gst) with the exception of receivables and payables which are stated with gst included. Where gst is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

**d) Employee benefits**

Provision is made in respect of the Company's liability for annual leave, sick leave, long service leave, and retirement gratuities. The provision for sick leave is based on the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated at balance date.

The provision for gratuities is based on the number of weeks the employee will be paid at retirement, the expected pay rate along with the probability of the employee still being employed by QRS at retirement age.

The provision for long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Expected future payments for gratuities and long service leave are discounted using market yields at the reporting date.

Defined contribution pension plan obligations are recognised as an expense in the Statement of Comprehensive Income as incurred.

Government subsidies which compensate the Company for expenses incurred are recognised in the Statement of Comprehensive Income. Subsidies are recognised when they have been used to compensate expenses in a period.

**e) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time, value of money and, where appropriate, the risks specific to the liability.

While discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

**f) Taxation**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**g) Accounts receivable**

Accounts receivable are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectable amounts. The Company assesses impairment losses by estimating the expected credit loss that may exist within its portfolio of accounts receivable based on its historical experience of credit loss arising from accounts receivable.

A trade receivable represents the company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

**h) Cash and cash equivalents**

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

**i) Inventories**

Inventories are valued on the basis of the lower of cost, determined on a weighted average method, and net realisable value.

**j) Property, plant, and equipment**

Property, plant, and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible

for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the property plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred. There are six classes of property, plant, and equipment:

- 1. land
- 2. quarries
- 3. buildings
- 4. plant and machinery
- 5. fixtures, fittings, and equipment
- 6. computer hardware.

The carrying values of property, plant, and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are recognised in the Statement of Comprehensive Income in other operating expenses.

k) Depreciation

Depreciation is calculated to allocate the cost less estimated residual value of property, plant, and equipment over their estimated useful lives.

Depreciation is provided on a straight line basis on buildings and quarries. Land is not depreciated.

Plant and machinery, fixtures, fittings and equipment, and computer hardware are depreciated using the diminishing value method. The rates for major classes of assets have been estimated as follows:

1. quarries	(3.3 % straight line)
2. buildings	(3.3% straight line)
3. plant and machinery	(20% diminishing value)
4. fixtures, fittings, and equipment	(20% diminishing value)
5. computer hardware	(48% diminishing value)
6. right of use asset	(Straight line over the term of the underlying asset).

Depreciation is calculated on a monthly basis from the date of acquisition. The assets’ useful lives, residual values, and depreciation method are reviewed at least every financial year.

l) Intangible assets

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to all classes of intangible assets.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.



Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income when the asset is derecognised. The amortisation of the software class of intangible assets has been estimated at 20-48 percent diminishing value, depending on the nature of the software.

**m) Statement of cash flows**

Operating activities include cash received from all income sources of the Company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity and debt capital structure of the Company.

**n) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by considering any issue costs, and any discount or premium on settlement.

**o) Trade and other payables**

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the end of the financial year that are unpaid and arise when QRS becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**p) Joint arrangements**

The Company exited its joint arrangement with Wi Pere Trust at the Tangihanga Quarry on 24 June 2021.

The Company is obliged to maintain the resource consent conditions until the earlier of 30 June 2024 or the date on which the area and operations as covered by the consents are used or occupied by any person other than QRS.

**q) Significant accounting judgements, estimates, and assumptions**

*Quarry aftercare*

A provision has been made for the present value of anticipated costs of future restoration of quarry sites. The provision includes future cost estimates associated with quarry aftercare. The calculation of this provision requires assumptions such as application of environmental legislation and life of metal extraction from each quarry site. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the Statement of Financial Position by adjusting both the expense or asset (if applicable) and provision.

**r) Contract assets and contract liabilities**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs, under a contract, by transferring goods or services to a

customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when company performs under the contract.

**s) Subvention payments**

A subvention payment is where an organisation with a taxable profit makes a cash payment to an organisation that has tax losses in exchange for those tax losses. The organisations must have some commonality of ownership. QRS is wholly owned by the Wairoa District Council which enables the entities to engage in subvention payments.

The provision for a subvention payment has been recognised in the Statement of Comprehensive Income as an expense.

**t) Right of use assets and lease liabilities**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Right of use assets and lease liabilities are presented separately in the Statement of Financial Position. Depreciation of right of use assets is included in depreciation in the Statement of Comprehensive Income. The cash outflows related to the principal portion of the lease liability and the related interest are presented within the Statement of Cashflows.

# Notes to the Financial Statements (Unaudited)

for the six months ended 31 December 2023

	6 mnths to 31/12/2023 \$	6 mnths to 31/12/2022 \$	6 mnths to 30/06/2023 \$
<b>1   OTHER OPERATING EXPENSES</b>			
Auditor remuneration including disbursements	47,241	42,000	96,710
Director fees	66,213	59,492	112,264
Impairment of trade receivables (bad and doubtful debts)	-	(574)	17,082
Loss on disposal of property, plant and equipment	293	544	111,237
Gain on disposal of property, plant and equipment	(106,822)	-	(84,285)
Loss on disposal of intangibles	-	-	-
Amortisation of intangibles	7,006	8,823	17,596
Lease payments - rental costs	7,823	3,602	11,431
	<b>21,754</b>	<b>113,887</b>	<b>282,034</b>
<b>2   PERSONNEL EXPENSES</b>			
Wages and salaries	4,528,726	3,973,143	8,216,647
Covid-19 wage subsidy	-	(16,318)	(21,685)
Ministry of Social Development Apprenticeship Boost Funding	(1,150)	(24,725)	(22,500)
Liability for long-service leave	9,007	12,350	14,372
Liability for sick leave	161,527	126,677	222,380
Liability for gratuities	(800)	-	841
Contribution to defined contribution plans	140,939	113,183	224,470
	<b>4,838,249</b>	<b>4,184,311</b>	<b>8,634,525</b>



	6 mnths to 31/12/2023			6 mnths to 31/12/2022			12 mnths to 30/06/2023		
	\$			\$			\$		
	Right of use	Right of use	Total	Right of use	Right of use	Total	Right of use	Right of use	Total
	Office equipment	Vehicles		Office equipment	Vehicles		Office equipment	Vehicles	

### 3 | RIGHT OF USE ASSETS

#### Cost

Opening balance	26,791	730,579	757,370	19,240	245,002	264,242	19,240	245,002	264,242
Increases	8,741	-	8,741	-	377,544	377,544	8,612	485,577	494,189
Decreases	-	-	-	-	-	-	(1,061)	-	(1,061)
<b>Ending balance</b>	<b>35,532</b>	<b>730,579</b>	<b>766,111</b>	<b>19,240</b>	<b>622,546</b>	<b>641,786</b>	<b>26,791</b>	<b>730,579</b>	<b>757,370</b>

#### Depreciation

Opening balance	18,428	369,305	387,733	14,662	228,935	243,597	14,662	228,935	243,597
Depreciation for the year	1,469	58,597	60,066	1,830	53,817	55,647	3,766	140,370	144,136
<b>Ending balance</b>	<b>19,897</b>	<b>427,902</b>	<b>447,799</b>	<b>16,492</b>	<b>282,752</b>	<b>299,244</b>	<b>18,428</b>	<b>369,305</b>	<b>387,733</b>

#### Carrying amounts

Opening	8,363	361,274	369,637	4,578	16,067	20,645	4,577	16,167	20,744
<b>At end of period</b>	<b>15,635</b>	<b>302,677</b>	<b>318,312</b>	<b>2,748</b>	<b>339,794</b>	<b>342,542</b>	<b>8,363</b>	<b>361,274</b>	<b>369,637</b>

#### Lease Liability

Balance at 1 July	379,109	21,363	21,363
Lease payments	(68,258)	(60,995)	(161,009)
Interest applied to leases	9,130	8,662	24,566
Lease modification	9,783	377,544	494,189
<b>Balance</b>	<b>329,764</b>	<b>346,574</b>	<b>379,109</b>

	6 mnths to 31/12/2023	6 mnths to 31/12/2022	12 mnths to 30/06/2023
	\$	\$	\$
<b>Made up of:</b>			
Current	117,691	114,523	117,104
Non-current	212,073	232,051	262,005
	<b>329,764</b>	<b>346,574</b>	<b>379,109</b>

**4 | INVENTORIES**

Metal stocks	230,955	586,201	490,259
Other supplies	248,693	157,119	187,481
Work in progress	680	1,828	1,130
<i>Some inventories are subject to retention of title clauses. Work in progress is held at cost</i>	<b>480,328</b>	<b>745,147</b>	<b>678,870</b>

**5 | TRADE AND OTHER RECEIVABLES**

Trade debtors	2,482,723	1,030,675	1,694,912
Wairoa District Council	1,215,020	863,577	4,966,900
Provision for doubtful debts	(22,338)	-	(22,338)
Retentions	1,519,632	318,924	914,020
Prepayments	208,238	150,997	19,427
	<b>5,403,275</b>	<b>2,364,174</b>	<b>7,572,922</b>

**6 | TRADE AND OTHER PAYABLES**

Trade creditors	2,577,324	1,089,366	4,411,076
Other	291,701	174,476	189,334
	<b>2,869,025</b>	<b>1,263,842</b>	<b>4,600,410</b>

**7 | EMPLOYEE BENEFITS**

Long-service leave	68,478	49,905	59,735
Annual leave	450,748	389,404	445,673
Sick leave	43,925	61,387	27,655
Gratuities	23,890	23,849	24,690
Time in lieu	121,177	115,030	190,703
Accrued pay	169,983	268,073	153,502
	<b>878,201</b>	<b>907,648</b>	<b>901,957</b>

	6 mnths to 31/12/2023	6 mnths to 31/12/2022	12 mnths to 30/06/2023
	\$	\$	\$
<b>Made up of:</b>			
Current	808,426	845,007	842,222
Non-current	69,775	62,642	59,735
	<b>878,201</b>	<b>907,649</b>	<b>901,957</b>

## 8 | INTEREST BEARING LOANS AND BORROWINGS

<b>Cat finance</b>	145,978	230,704	188,605
Less current portion	(86,590)	(91,882)	(85,786)
	<b>59,388</b>	<b>138,822</b>	<b>102,819</b>
<b>Interest rate</b>	<b>2.49%</b>	<b>2.49%</b>	<b>2.49%</b>
<b>Westpac FlexEquip</b>	2,339,313	-	380,000
Less current portion	(503,615)	-	(380,000)
	<b>1,835,698</b>	-	-
<b>Interest rate</b>	<b>10.15%</b>	-	<b>10.65%</b>
<b>Wairoa District Council/Local Government Funding Agency</b>	1,037,167	1,037,527	1,036,228
Less current portion	(11,526)	-	(10,587)
	<b>1,048,693</b>	<b>1,037,527</b>	<b>1,025,641</b>
<b>Interest Rate</b>	<b>5.719%</b>	<b>5.719%</b>	<b>5.719%</b>
<b>Provincial Growth Fund Loan</b>	2,014,643	1,250,411	2,003,673
Less current portion	(19,400)	-	-
	<b>2,034,044</b>	<b>1,250,411</b>	<b>2,003,673</b>
	<b>1.09%</b>	<b>1.09%</b>	<b>1.09%</b>
<b>Made up of:</b>			
Current	602,001	91,882	465,786
Non-current	4,935,101	2,426,760	3,142,719
	<b>5,537,102</b>	<b>2,518,642</b>	<b>3,608,505</b>



	6 mnths to 31/12/2023 \$	6 mnths to 31/12/2022 \$	12 mnths to 30/06/2023 \$
<b>9   TAXATION</b>			
Profit/(deficit) before taxation	<b>2,244,297</b>	<b>613,487</b>	<b>2,346,910</b>
Prima facie taxation 28%	628,403	171,776	657,135
Plus taxation effect of permanent differences			
Non-deductible expenses	-	-	8,826
	<b>628,403</b>	<b>171,776</b>	<b>665,961</b>
Income tax expense at effective tax rate of 28%			

**Major components of taxation expense are:**

Current taxation	-	-	526,154
Deferred taxation			
Origination and reversal of temporary differences	-	-	139,807
Recognised tax losses	-	-	-
	-	-	<b>665,961</b>
Imputation credit account			

**10 | EQUITY****(a) Share capital**

Opening balance	1,250,000	1,250,000	1,250,000
<b>Closing balance</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>1,250,000</b>

At 31 December the company had issued 1,250,000 shares which are fully paid. All shares carry equal voting rights and the right to share in any surplus on winding up the company. None of the shares carry fixed dividend rights. The shares do not have a par value.

**(b) Retained earnings**

Retained earnings at 1 July	8,835,454	7,354,505	7,354,505
Net operating surplus/deficit	1,615,894	441,710	1,680,949
Final dividend	(50,000)	(200,000)	(200,000)
Interim dividend	-	-	-
<b>Retained earnings at 31 December</b>	<b>10,401,348</b>	<b>7,596,215</b>	<b>8,835,454</b>

**11 | BANK FACILITY**

A bank facility is available at the Westpac Bank, and is secured by a general security agreement over the company's assets. The facility available totals \$500,000 (2022: \$500,000). The current interest rate is 10.70% (2022: 9.60%).

	6 mnths to 31/12/2023 \$	6 mnths to 31/12/2022 \$	12 mnths to 30/06/2023 \$
<b>12   INTANGIBLE ASSETS</b>			
<b>Software</b>			
Balance at 1 July	307,016	307,016	307,016
Additions	-	-	-
Disposals	-	-	-
<b>Balance at 31 December</b>	<b>307,016</b>	<b>307,016</b>	<b>307,016</b>
<b>Amortisation and impairment losses</b>			
Balance at 1 July	236,431	218,428	218,428
Other	-	-	407
Amortisation for the year	7,006	8,823	17,596
<b>Balance at 31 December</b>	<b>243,437</b>	<b>227,251</b>	<b>236,431</b>
<b>Carrying amounts</b>			
At 1 July	70,585	88,588	88,588
<b>At 31 December</b>	<b>63,579</b>	<b>79,765</b>	<b>70,585</b>

	Land	Quarries	Buildings	Property, plant, equipment	Fixtures, fittings, equipment	Computer hardware	Total
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**13 | PROPERTY, PLANT AND EQUIPMENT****6 months to 31/12/23****Cost**

Balance at 1 July	29,433	494,288	4,783,284	15,210,245	264,087	234,659	21,015,996
Additions	-	-	2,040,549	1,303,273	7,849	-	3,351,671
Disposals	-	-	-	(367,638)	-	-	(367,638)
<b>Balance at 31 December</b>	<b>29,433</b>	<b>494,288</b>	<b>6,823,833</b>	<b>16,145,880</b>	<b>271,936</b>	<b>234,659</b>	<b>24,000,030</b>

**Depreciation and impairment losses**

Balance at 1 July	-	493,348	541,465	9,203,270	163,174	197,216	10,598,473
Depreciation for the year	-	19	32,999	603,676	10,002	5,035	651,731
Disposals	-	-	-	(338,645)	-	-	(338,645)
<b>Balance at 31 December</b>	<b>-</b>	<b>493,367</b>	<b>574,464</b>	<b>9,468,301</b>	<b>173,176</b>	<b>202,251</b>	<b>10,911,559</b>

**Carrying amounts**

At 1 July	29,433	940	4,241,818	6,006,976	100,913	37,442	10,417,525
<b>At 31 December</b>	<b>29,433</b>	<b>921</b>	<b>6,249,369</b>	<b>6,677,579</b>	<b>98,760</b>	<b>32,408</b>	<b>13,088,471</b>

**6 months to 31/12/22****Cost**

Balance at 1 July	29,433	494,288	1,762,861	13,379,513	247,820	209,456	16,123,371
Additions	-	-	1,018,568	1,400,582	-	-	2,419,150
Disposals	-	-	-	(1,392)	-	-	(1,392)
Opening balance adjustment	-	-	-	499	-	-	499
<b>Balance at 31 December</b>	<b>29,433</b>	<b>494,288</b>	<b>2,781,429</b>	<b>14,779,202</b>	<b>247,820</b>	<b>209,456</b>	<b>18,541,628</b>

**Depreciation and impairment losses**

Balance at 1 July	-	493,361	500,434	9,003,313	149,093	186,665	10,332,867
Depreciation for the year	-	20	20,101	483,181	9,114	4,749	517,165



	Land	Quarries	Buildings	Property, plant, equipment	Fixtures, fittings, equipment	Computer hardware	Total
Disposals	-	-	-	-	-	-	-
<b>Balance at 31 December</b>	<b>-</b>	<b>493,381</b>	<b>520,535</b>	<b>9,486,494</b>	<b>158,207</b>	<b>191,414</b>	<b>10,850,031</b>

**Carrying amounts**

At 1 July	29,433	927	1,262,426	4,376,200	98,727	22,791	5,790,504
<b>At 31 December</b>	<b>29,433</b>	<b>907</b>	<b>2,260,894</b>	<b>5,292,708</b>	<b>89,613</b>	<b>18,042</b>	<b>7,691,596</b>

**12 months to 30/06/23****Cost**

Balance at 1 July	29,433	494,288	1,762,861	13,379,513	247,820	209,456	16,123,371
Transfers	-	-	-	5,964	(5,964)	-	-
Additions	-	-	3,020,423	2,767,616	30,881	25,203	5,844,123
Disposals	-	-	-	(942,848)	(8,650)	-	(951,498)
<b>Balance at 30 June</b>	<b>29,433</b>	<b>494,288</b>	<b>4,783,284</b>	<b>15,210,245</b>	<b>264,087</b>	<b>234,659</b>	<b>21,015,996</b>

**Depreciation and impairment losses**

Balance at 1 July	-	493,361	500,434	9,003,401	149,093	186,665	10,332,955
Other	-	(52)	829	(78)	(413)	145	431
Depreciation for the year	-	39	40,202	1,014,717	18,642	10,406	1,084,006
Disposals	-	-	-	(814,770)	(4,148)	-	(818,919)
<b>Balance at 30 June</b>	<b>-</b>	<b>493,348</b>	<b>541,465</b>	<b>9,203,270</b>	<b>163,174</b>	<b>197,216</b>	<b>10,598,474</b>

**Carrying amounts**

At 1 July	29,433	927	1,262,426	4,376,200	103,086	40,570	5,061,898
<b>At 30 June</b>	<b>29,433</b>	<b>940</b>	<b>4,241,818</b>	<b>6,006,976</b>	<b>100,913</b>	<b>37,442</b>	<b>10,417,525</b>

	6 mnths to 31/12/2023	6 mnths to 31/12/2022	12 mnths to 30/06/2023
	\$	\$	\$

**14 | OTHER PROVISIONS****Quarry aftercare provision**

Balance at beginning of the year	86,619	172,236	172,236
Provided for during the year	(17,286)	6,900	4,137
Expenditure during the year	-	(89,754)	(89,754)
<b>Balance at the end of the year</b>	<b>69,333</b>	<b>89,383</b>	<b>86,619</b>

A provision is recognised for expected quarry reinstatement costs based on past experience of the level of metal extraction.

**15 | RECONCILIATION OF NET OPERATING PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES**

Reported net operating profit after taxation	1,615,894	441,710	1,680,949
Subvention provision	-	50,000	950,000

**Add back non-cash items**

Depreciation	711,796	572,812	1,228,142
Amortisation	7,006	8,823	17,596
(Increase)/decrease in deferred taxation	-	-	139,808
Increase/(decrease) in employee benefits	10,040	6,191	3,284
Increase/(decrease) in quarry aftercare provision	(17,287)	(82,854)	(85,616)
	<b>2,327,450</b>	<b>996,682</b>	<b>3,934,164</b>

**Add back items classified as investment activities**

Net loss on sale of property, plant and equipment	293	544	110,835
Gain on sale of property, plant and equipment	(106,822)	-	(84,163)
	<b>(106,529)</b>	<b>544</b>	<b>26,671</b>

**Movements in working capital**

(Increase)/decrease in receivables and prepayments	1,330,811	757,493	(4,592,342)
(Increase)/decrease in inventories	198,542	(41,995)	24,282
Increase/(decrease) in trade and other payables and gst	(2,057,411)	(773,770)	2,698,592
Increase/(decrease) in employee benefits	(33,795)	146,061	143,275
(Increase)/decrease in tax payable/receivable	165,888	17,718	246,823
	<b>(395,965)</b>	<b>105,507</b>	<b>(1,479,370)</b>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>1,824,955</b>	<b>1,102,732</b>	<b>2,481,465</b>





*Cyclic site supervisor David Milton and three colleagues work across the region carrying out general maintenance and minor repairs from the top of the Wharerata range in the north, out as far as where the tarseal meets the metal 45km along on State Highway 38, and south to Mohaka Coach Rd.*





*Our float decorators Nadia White and Amanda Mogford and team of Christmas elves transformed our traffic management and concrete trucks into magical Christmas wonderlands this December. Between the decorating team and Tony O'Sullivan's seasonal signage reckon we sleigh-ed it!*











**8.2 WDC APPOINTMENTS TO THE TE ROHE O TE WAIROA MATANGIRAU RESERVES BOARD**

**Author:** Sarayde Tapine, Kaiurungi Kaupapa Here me Mana Ārahi | Policy and Governance Officer

**Authoriser:** Kitea Tipuna, Tumu Whakarae Chief Executive

**Appendices:** Nil

**1. PURPOSE**

- 1.1 The purpose of this report is to seek Council's interest in appointing new members to the Te Rohe o Te Wairoa Reserves Board Matangirau.

**RECOMMENDATION**

The Kaiurungi Kaupapa Here me Mana Ārahi | Policy and Governance Officer RECOMMENDS that Council receive the report and consider appointing new Wairoa District Council representatives to the Te Rohe o Te Wairoa Reserves Board Matangirau or remain with the current appointments.

**BACKGROUND**

- 1.2 The Te Rohe o Te Wairoa Reserves Board Matangirau ('the Board') is a joint board established for the Te Rohe o Te Wairoa reserves.
- 1.3 The Board is the administering body of the Te Rohe o Te Wairoa reserves and is classed under Schedule 2 of the Local Government Official Information and Meetings Act 1987 (LGOIMA) as a 'local authority' and is therefore subject to Parts 1-7 of LGOIMA. This is because it is an administering body of reserves as defined in section 2(1) of the Reserves Act 1977. LGOIMA sets out requirements on the availability of information produced by the Board and promotes the open and public transaction of meetings.
- 1.4 The appointers to the Board are Tātau Tātau o Te Wairoa and Wairoa District Council with 3 appointments each.

**2. ADMINISTRATION OF THE BOARD**

- 2.1 Administration of the Board has been transferred back to Wairoa District Council for the next triennium – 2024-2027.
- 2.2 The Board first met on Tuesday 05 March to consider the Wairoa River Restorations Project so that work can begin for this.
- 2.3 The next meeting for the Board is scheduled to take place next Tuesday 19 March at 10am where governance matters will be tabled for the Board to consider such as appointing a chairperson, adopting a meeting schedule and discussing a workplan.
- 2.4 Tātau Tātau o Te Wairoa have confirmed their original appointments – Katarina Kawana, Michelle McIlroy and Liz Palmer.

**3. WAIROA DISTRICT COUNCIL APPOINTMENTS**

- 3.1 Wairoa District Councils current appointments to the Board are His Worship the Mayor, Cr Eaglesome-Karekare and Cr Tumataroa-Clarke.

- 3.2 This report is seeking Councils interest in remaining with the above appointments or appointing new members to the Board.

#### 4. OPTIONS

- 4.1 The options identified are:
- Appoint new members to the Board.
  - Do not appoint new members to the Board and remain with appointments - His Worship the Mayor, Cr Eaglesome-Karekare and Cr Tumataroa-Clarke to the Board.
  - Remain with some already appointed members and appoint other new members.

#### 5. CORPORATE CONSIDERATIONS

##### Maori Standing Committee

- 5.1 This matter has not yet been referred to the Māori Standing Committee, however, Council can also choose to appoint a member from the Māori Standing Committee if they wish. A list of Maori Standing Committee Members can be found below:

Takiwa	Member
Rakaipaaka	Henare Mita
Pāhauwera	Theresa Thornton
Ruakituri	Erana Hammond
Māhia mai Tawhiti	Fiona Wairau
Te Wairoa Hopūpū	Amanda Reynolds
Te Wairoa	Whai-ora Maindonald

##### Further Information

[Iwi and Hapū of Te Rohe o Te Wairoa Claims Settlement Bill 236-2 \(2016\), Government Bill Contents – New Zealand Legislation](#)

[Local Government Official Information and Meetings Act 1987 No 174 \(as at 23 December 2023\), Public Act Contents – New Zealand Legislation](#)

##### Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

### 8.3 MINOR UPDATES TO REVENUE AND FINANCING POLICY AND SIGNIFICANCE AND ENGAGEMENT POLICY

**Author:** Gary Borg, Pouwhakarae - Putea | Tautawhi Rangapu Group Manager Finance and Corporate Support

**Authoriser:** Kitea Tipuna, Tumu Whakarae Chief Executive

**Appendices:**

1. Updated Revenue and Financing Policy - tracked [↓](#)
2. Updated Revenue and Financing Policy - clean [↓](#)
3. Updated Significance and Engagement Policy - tracked [↓](#)
4. Updated Significance and Engagement Policy - clean [↓](#)

#### 1. PURPOSE

- 1.1 The purpose of this report is to present minor updates to the two policies that are statutory content for the Long-term Plan.

#### RECOMMENDATION

The Pouwhakarae - Putea | Tautawhi Rangapu Group Manager Finance and Corporate Support RECOMMENDS that Council adopts the updated Significance and Engagement Policy and the updated Revenue and Financing Policy and in doing so confirms that no consultation is required due to the editorial nature of these updates.

#### EXECUTIVE SUMMARY

#### 2. BACKGROUND

- 2.1 The Revenue and Financing Policy and Significance and Engagement Policy are statutory components of a Long-term Plan (LTP) and as such are integral to Council planning and decision-making.
- 2.2 These policies are routinely reviewed as part of each LTP iteration and proposed updates to each are attached as **Appendices**.
- 2.3 Both policies are considered fit for purpose and have been refreshed merely to reflect the current strategic planning environment and updates to other relevant statutes.

#### 3. OPTIONS

- 3.1 The options identified are:
- a. Do nothing.
  - b. Endorse the updates as presented.
  - c. Direct further updates.
- 3.2 Under option a. the policies would remain unchanged and included as is in the 2024-27 LTP. They would continue to be effective but may marginally infract other legislative updates.
- 3.3 Under option b. known and anticipated circumstances can be recognised and incorporated in updated policies that can be included in the LTP 2024-27.



3.4 Council may wish to invoke option c. if it is conscious of notable omissions or inconsistencies in either policy. This may create a consultation requirement.

3.5 The preferred option is *b. Endorse the updates as presented*, this contributes to the following community outcomes:

Cultural wellbeing	Economic wellbeing	Social Wellbeing	Environmental Wellbeing
Valued and cherished community.	Strong and prosperous economy.	Safe, supported and well-led community.	Protected and healthy environment

#### 4. CORPORATE CONSIDERATIONS

##### What is the change?

4.1 No change

##### Compliance with legislation and Council Policy

4.2 The updates to the Revenue and Financing policy include an overt reference to LGA s102(3A) whilst also allowing for flexibility as Water Services Legislation is repealed and potentially rewritten.

4.3 The updated policies will become part of the LTP 2024-27.

##### What are the key benefits?

4.4 Statutory compliance, consistency with the strategic developments and flexibility where needed.

##### What is the cost?

4.5 Nil

##### What is the saving?

4.6 Not applicable.

##### Service delivery review

4.7 Not applicable

#### 5. SIGNIFICANCE

5.1 These are significant policies but the proposed updates are not.

**6. RISK MANAGEMENT**

- 6.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are: the potential for future legal challenge if policies are not maintained relevant and current.

Human	Financial	Regulatory
Low	Low	Low
Operations	Employees	Image & Reputation
Low	Low	Low

## Comparative Levels of Risk

E	Extreme Risk	Immediate action required to manage risk – reported to Council
H	High Risk	Senior management attention to manage risk – reported to FARC
M	Considerable Risk	Management responsibility must be specified and risk controls reviewed
L	Low Risk	Managed by routine procedures

	Consequences				
Probability/ Likelihood	Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Likely	M	H	E	E	E
Moderate	M	H	H	E	E
Rare	L	M	H	E	E
Very Rare	L	L	M	H	E
Unanticipated	L	L	M	H	E

**Who has been consulted?**

Despite the editorial updates these policies substantively remain what was consulted upon in previous versions. Therefore, no consultation is required at this time.

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.



# Draft Revenue and Financing Policy 2024

## Purpose and scope

1. This policy outlines the choices Council has made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The policy also shows how the Council complied with section 101(3) of the LGA which sets out a number of factors we must consider when making these decisions. A comprehensive analysis of this is included in the Funding Needs Analysis (Appended).

2. Deciding the best way to fund activities is complex. Applying the legislation is complex and involves many statutes, regulations and multiple statutory policies. The outcome of balancing all those matters requires judgement having considered many factors including but not limited to:
- Legal.

▪ Social.

▪ Competition.

▪ Affordability.

▪ Impact of change.

▪ Efficiency.

▪ Equity.

▪ Cost.

▪ Intergenerational equity.

▪ Transparency.

▪ Accountability.

▪ Business.

▪ Strategic Alignment.

▪ Benefit.
- ## Policy
- ### Funding of Recovery
3. Recovery work packages will be undertaken within the Council activities with greatest strategic alignment to those packages. While the funding for these packages may often mirror what takes place in the normal course of business for these activities, the funding for each will be separately determined and formalised in updates to the Recovery Plan. The policy statements and parameters that follow in this document pertain to the normal course of business.
- ### Water Services Reforms
4. At the time of this policy review the Government has repealed the pre-existing Water Services Entities and Water Services Reform legislation under its ‘Local Water Done Well’ programme. The future for water services remains uncertain but it is generally held that change is inevitable. As such, policy statements relating to the funding of Water Supply, Wastewater and Stormwater within this document shall hold for as long as these activities are delivered exclusively by Council.
- ## Funding sources for operating expenses
5. Operating costs are the everyday spending on Council activities. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and overheads.

6. The funding of each activity must be considered individually. Some activities may be best funded by user charges, such as building consents, others with targeted rates, such as water, and others from the general rate, such as roading.

7. The funding sources used for operating costs and the Council’s policies in respect of funding operating expenses are described in the following sections.
- 1
- Item 8.3- Appendix 1

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### User Charges

8. User charges are applied to services where it is identified there is a benefit to an individual or group, or directly attributable cost. User charges are a broad group of fees charged directly to an individual or entity including but not limited to:
 

▪ Service charges.	▪ Fines and penalties.	▪ Planning and consent fees.
▪ Hire.	▪ Connection fees.	▪ Statutory charges.
▪ Rent, lease, licences for land and buildings.	▪ Disposal fees.	▪ Retail sales.
▪ Permits.	▪ Deposits.	▪ Landing fees
▪ Regulatory charges.	▪ Private works.	
9. The price of the service is based on a number of factors, including but not limited to:
  - a. The cost of providing the service.
  - b. The estimate of the users' private benefit from using the service.
  - c. The impact of cost to encourage/discourage behaviours.
  - d. The impact of cost on demand for the service.
  - e. Market pricing, including comparability with other councils.
  - f. The impact of rates subsidies if competing with local businesses.
  - g. Cost and efficiency of collection mechanisms.
  - h. The impact of affordability on users.
  - i. Statutory limits.
  - j. Other matters as determined by the Council.
10. The ability to charge user charges is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (such as the Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. It is appropriate to incorporate overhead costs when determining the cost of providing a service.
11. Where goods or services are sold commercially, and taking into consideration legislative limitations, the Council's preference is to charge a market price. This includes retail sales, leases, rents and licences for land and buildings.
12. Fees and charges may be set at any time and are reviewed annually. A list of current fees and charges is maintained on our website.
13. Revenue from user charges is generally allocated to the activity which generates the revenue.

### Grants, sponsorship, subsidies and other income

14. Grants, sponsorship and subsidies are used where they are available. Many of these types of income are regular and predictable and can be budgeted for (for example Waka Kotahi NZTA roading subsidy). Some other types are unexpected or unpredictable and may not be able to be prudently budgeted (such as Provincial Growth Fund funding, reparation payments, civil defence and other reimbursements, legal settlements and insurance claims). These are applied as they arise to the corresponding activity or project.

### Investment income and proceeds from the sale of assets

15. The Council's approach to investments is documented in the Investment and Liability Management Policies. These investments generate income such as dividends, interest, and rents.
16. Income from all asset disposals are generally receipted to the activity that used the asset to deliver service. Generally, these proceeds are considered to be capital in nature. However, low value items may be used to fund operating costs. Council may resolve to utilise higher value proceeds for operating purposes if it is satisfied that it is prudent and in the community's interest.

### Surpluses

17. Council will price its activities (fees and charges, leases) on a prudent cost recovery basis. As a not-for-profit public benefit entity its financial objective is to maximise value. There are however several circumstances where Council may make a surplus:

- a. To pay for future projects – funds will be held in reserve until the project budget is approved.
- b. Windfalls and donations without conditions. Council will determine appropriate utilisation.
- c. 'Sales' volumes exceed expectations, e.g. consenting revenue, licenses. Surpluses will be used to repay debt or acquire investments the income from which may be used to offset operating expenses.

### Development contributions, financial contributions and lump sum contributions

16-18. Generally, there is little revenue from these funding sources to fund operating costs.

17-19. Lump sum contributions have been used for the Māhia and Ōpoutama wastewater schemes, which included a portion of operating cost (interest). Council has an Early Payment of Rates Policy enabling existing ratepayers for these schemes to pay future targeted rates for this in advance.

18-20. Council will consider using lump sum contribution arrangements as a suitable funding option for future projects.

19-21. Financial contributions, relating to resource consents are collected and placed in a reserve fund. The use of this funds could include some operating costs. The Council does not currently take development contributions, but it is considering the use of these they are a legitimate source of revenue for specific purposes that this policy permits as part of its review of the District Plan subject to the adoption of a separate Development Contributions Policy. Should development contributions be implemented a portion of revenue funds the interest cost on debt for growth related capital projects.

### Reserve funds

20-22. Reserve funds are used for the purposes that they were created. Reserve funds may be used to meet operating costs if the expenditure is consistent with the purpose of the fund.

### Borrowing

21-23. The Council's approach to Borrowing is documented in the Investment and Liability Management Policies. The Council generally plans to fund all cash operating costs from sources other than borrowing but may in specific circumstances, where it determines it is prudent to do so, fund some operating costs from borrowing.

### Rates

22-24. Having exhausted all other funding sources, Council funds its remaining operating expenses from rates. For many activities this is the main funding source.

23-25. The Council may establish general or targeted rates to fund operating costs.

### Summary of sources of funding for operation costs by activity

24-26. The above funding sources were considered when determining the funding required from all sources (including general rates or targeted rates) for each activity in the Funding Needs Analysis, as required by section 101(3)(a).

25-27. Table 1 shows the degree (expressed as a range) to which each funding source is used to fund operating costs in relation to each activity to be funded, as required by section 101(3)(a) of the LGA.

26-28. After the activity by activity analysis, the Council undertakes an analysis of the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community. The results of this analysis may vary the outcome of the activity by activity analysis.



~~27-29.~~ The ranges in Table 1 are expressed as a percentage of the revenue budgeted to fund each activity and are indicative only. They may change over time because of changes in expenditure requirements. Actual funding sources may differ from the budgeted funding sources.

Table 1: Operating Funding by Activity	User charges	Grants, subsidies & other	Invest. Income	Fin. and Dev. Contributions	Reserve Funds	Borrowing	General Rates	Targeted rates
Water Supply	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Wastewater	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Stormwater	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Waste Management	20% -40%	0%	0%	0%	0%	0%	0% -20%	40% - 60%
Airport	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Parking	0%	0%	0%	0%	0%	0%	100%	0%
Roading	0%	60% - 80%	0%	0%	0%	0%	20% -40%	0%
Camping Grounds	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Cemeteries	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Community Centre	0%	0%	0%	0%	0%	0%	80% - 100%	0%
Community Support	0%	0% -20%	0%	0%	0%	0%	80% - 100%	0%
Library	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Memorial Hall	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Parks and Reserves	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Resource Planning	0% -20%	0%	0%	0%	20% -40%	20% -40%	40% - 60%	0%
Environmental Health	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Building Control	40% - 60%	0%	0%	0%	0%	0%	40% - 60%	0%
Liquor Control	40% - 60%	0%	0%	0%	0%	0%	60% - 80%	0%
Bylaw Compliance	40% - 60%	0%	0%	0%	0%	0%	40% - 60%	0%
Community Representation	0%	0%	0%	0%	0%	0%	100%	0%
Māori Relationships	0%	0%	0%	0%	0%	0%	100%	0%
Economic Development	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Gaiety Theatre	80% - 100%	0%	0%	0%	0%	0%	0% -20%	0%
Visitor Information	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Pensioner Housing	100%	0%	0%	0%	0%	0%	0%	0%
Property	0% -20%	0% -20%	0% -20%	0%	0%	0%	80% - 100%	0%
Funds Management	0%	0%	100%	0%	0%	0%	0%	0%

### Funding sources for capital costs

~~28-30.~~ Capital costs are those costs associated with the purchase and improvement of assets, and the repayment of debt. The funding sources for capital costs and Council's policies in respect of the funding of this expenditure are described in the sections that follow.

### User charges

~~29-31.~~ User charges are not often used for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of collecting user contributions for capital costs.

~~30-32.~~ The Council may charge for capital works that are for private benefit (such as, a network extension to a single dwelling) or where capital works are undertaken outside of Asset Management Plans at the request of individuals (for example, a rural seal extension for dust suppression).

### Grants, subsidies, and other income

~~31-33.~~ The Council relies on significant subsidies for capital works relating to our transport activity. Grants and subsidies may be available for other activities from time to time.

~~32-34.~~ Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance claims, and legal settlements.

~~33-35.~~ Grants, subsidies and other income are used wherever they are available.

### Development contributions

~~34-36.~~ Development Contributions (DCs) fund capital costs necessary to service growth. Council does not have a development contributions policy at this time and will consider this as part of the consideration of financial contributions in the review of the District Plan. This policy permits the collection of DCs should Council adopt a separate Development Contributions policy.

### Financial contributions

~~35-37.~~ Financial contributions are collected under the Resource Management Act 1991 to avoid, remedy or mitigate adverse effects on the environment as conditions to resource consents. The requirements for these contributions are outlined in the District Plan. Contributions may be received in cash or as revenue by the vesting of assets.

### Proceeds from the sale of assets

~~36-38.~~ From time-to-time, assets are disposed of. Usually these are low value items and the revenue is allocated to the activities that the assets were used in. In the case of short-life assets these proceeds would normally contribute to the cost of their replacement.

~~37-39.~~ The Council holds some higher value assets for investment purposes which, although not budgeted for, could be sold. Unrestricted proceeds from the sale of these assets would be used to repay debt or supplement the corresponding asset replacement reserves, unless otherwise resolved. Restricted revenues would be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction.

### Reserve funds

~~38-40.~~ Reserve funds for capital projects are held and the funds are used when a project meets the specific criteria for accessing the reserve. This includes renewal funding derived from rates for operating costs such as depreciation and other accounting provisions.

### Borrowing

~~39-41.~~ The Council borrows to fund its asset programme. The amount of borrowing available is restricted by the debt limits set in the Financial Strategy.

~~40-42.~~ Borrowed funds, both the principal and interest (an operational cost), are generally repaid by future rates.

~~44-43.~~ Borrowing spreads the cost of the project over a longer period of time, smoothing changes in rates and ensuring that future ratepayers who will enjoy the benefit of long-lived assets contribute to their costs.

#### Lump sum contributions

~~42-44.~~ When undertaking a major project, there is an option to seek lump sum contributions to the capital cost of the project from those who are identified in the projects "capital project funding plan". Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have restrictions placed on how they are used. Where a lump sum payment option is proposed ratepayers may choose to pay the lump sum or not. If not, the rating unit will be liable to pay any targeted rate set to recover the loan costs.

#### Rates

~~43-45.~~ Rates are mostly used to fund everyday expenses including depreciation and interest costs related to borrowing.

~~44-46.~~ A portion of rates funds the capital (principal) repayments of debt.

~~45-47.~~ Council may establish targeted rates to fund specific capital projects where there is a benefit of separate funding.

~~46-48.~~ Council holds reserve funds for capital expenditure. Some of which has been sourced from rates.

#### Summary of sources of funding for capital costs by activity

~~47-49.~~ Funding of Capital costs will be determined via the same principles as the operating costs funding policy unless the Council resolves otherwise. Such a resolution will follow the funding guidelines and in doing so will be consistent with this policy and not require an amendment to the policy. Existing projects (projects resolved prior to the adoption of this policy) will be funded according to the Annual Plan, Long-Term Plan or other resolution made at the time the Council approved the project. It is not practicable to determine a funding policy for all unknown future projects.

The main difference is that it is the purpose of the expenditure will have more bearing on the funding available. Capital projects are often large in nature and will provide benefits over many years, and the funding approach must reflect this.

~~48-50.~~ The Council uses the following guidelines when considering the funding of capital projects:

- a. A Funding Needs Analysis will be completed where the project is not included in the capital works programme or is additional to planned services, or where its inclusion impacts on Council's overall funding capacity.
- b. All projects are first funded from grants, subsidy or other external income where available.
- c. Renewal projects that maintain the same service level are then funded from reserve funds set aside for that purpose.
- d. General purpose funds or unrestricted reserve funds held for other complementary purposes are considered.
- e. Lump sum rating options are considered.
- f. Projects that have exhausted previous funding sources or are for new or increased service levels or for growth in infrastructure are then funded from debt.

~~49-51.~~ A single project may have a mix of each of these funding options.

~~50-52.~~ It is not practical to create separate funding policies for each and every capital project. The Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity.

~~51-53.~~ Whenever funding a capital project, the Council will consider the available sources of funds, the Revenue and Financing Policy, and section 101(3) in applying the above guidelines to a capital project. Generally, the Council will resolve the funding policy at the time the project



is proposed in an Annual or Long-Term Plan.

### Overall funding consideration

52-54. The Council is required by section 101(3)(b) of the LGA to consider “the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community”. This section allows that as a final measure, we may modify the overall mix of funding that would otherwise apply after the initial s101(3)(a) analysis for each activity to be funded.

53-55. The following adjustments ~~have been~~can be made:

- a. The allocation of the rates liability between sectors of the rating base may be altered by using differentials on the general rate and certain targeted rates. The allocations in this Long-Term Plan were determined by the Council after consultation with the community in 2020. The Council may modify the differential factors during the term of the Long-Term Plan to reflect a change in allocation of cost, or benefit, or to achieve better community outcomes or wellbeing.

This adjustment included an additional allocation of cost to the forestry differential for all activities, rather than just the incremental cost previously allocated from roading activities. The Council has decided this allocation to increase the rates to this sector is appropriate because of comparative negative community wellbeing impacts on the Wairoa community.

- b. Rates affordability (people’s ability to pay rates) is an issue in parts of the region. Adjustments to limit the impact of fixed rates on lower value rating units were made so that rates are more affordable for lower value rating units.
- c. Fees and charges may be waived or discounted where it is considered appropriate to do so. Some matters we may consider in deciding whether it is appropriate to waive fees are for social reasons (e.g., the promotion of events and facilities) or commercial reasons (e.g., due to poor service or to minimise risk).
- d. Rates may be remitted where it considered appropriate to do so and as allowed for in the Rates Remissions and Postponements Policies (including Māori Freehold Land). These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (such as additional or no provision of some services).

### Relief during Severe Weather Event Response and Recovery

56. Council considers that the tools described in section 55 above, when applied in conjunction with bespoke funding and relief packages that become available during emergency response and recovery conditions, are sufficient in providing an adequate baseline level of financial relief to affected customers and ratepayers. Council will consider supplementing this with other mechanisms where it believes this is appropriate.

## Rates

~~d-a.~~ The Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years to smooth the cost to users and ratepayers.

~~54-57.~~ Our final consideration of funding by rates comes:

- a. After considering how other funding sources will be used to fund operating and capital costs.
- b. how rates have been applied to activities in the Funding Needs Analysis; and/or
- c. After being adjusted for the overall impact of allocation of liability.

~~55-58.~~ The following section outlines the Revenue and Financing Policy requirements that are used to set rates. To have a full understanding of rates they should be read with regards to the analysis above and in conjunction with the Rating Policy, Funding Impact Statement and Rates Resolution.

## General rates

~~56-59.~~ The Council sets a general rate is assessed on all rateable properties (rating units) based on the capital value of the property. A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part (SUIP) of all rating units.

~~57-60.~~ The Council has determined in its Funding Needs Analysis which activities should be funded from general rates (see Table 1).

~~58-61.~~ The Council has chosen to differentiate the General Rate into four rating categories, applying 6 rating differentials, based on the use to which the land is put. In respect of residential land, Council observes the provisions of s101(3)(b) of the LGA and the overall impact of the allocation of liability for revenue needs on the community. In doing so it has determined that the application of 3 rating differentials to land categorised as residential for rating purposes is appropriate. The General Rate will be assessed on capital value of the land. The factors to be applied to all differentials and the thresholds for the residential differentials will be determined in the Funding Impact Statement

- a. Residential will be
  - i. Residential A
  - ii. Residential B
  - iii. Residential C
- b. Commercial.
- c. Rural.
- d. Forestry.

~~59-62.~~ The Council primarily uses valuation data (specified in the Rating Valuations Rules) to determine the allocation of rating units to differential rating categories. The full definitions can be found in the Rating Policy and the Funding Impact Statement and may change during the term of the Long-term Plan.

~~60-63.~~ In setting the differential categories, and the differential factors, the Council considered the requirements of the LGA and other considerations, including:

- a. The activities funded by the general rate and the s101(3) considerations for the activities.
- b. The impact of any change, or rate of change to the differential.
- c. The views of those impacted by the differentials.
- d. Other reasonable options, and the advantages and disadvantages of those options.
- e. The overall impact of the differential on all ratepayers.

~~61-64.~~ The UAGC is part of the general rates and is a fixed amount each year. The Council can set the UAGC based on an allocation of the cost of specific activities or at an amount the Council considers is appropriate. In past years, the Council has preferred to base the UAGC on the allocation basis. From 2021 the Council will set the UAGC at a level it considers appropriate.

~~62-65.~~ The Council recognises the regressive nature of fixed rates. Rates affordability is a matter the Council considers when setting the UAGC. Council's remissions policies provide for some adjustment to UAGCs for properties where appropriate. During the term of this Long-term Plan the Council may adjust the UAGC as part of its rate setting process in order to improve community wellbeing for current and/or future communities.

~~63-66.~~ If the cost allocation from activities (as described in the Rating Policy) is amended, or an adjustment is made to the UAGC to improve community wellbeing, the amount removed from the UAGC will remain part of general rates.

#### Targeted rates

~~64-67.~~ Targeted rates are finalised when adopting the Funding Impact Statement in the Long-Term Plan or an Annual Plan. The Council may introduce new targeted rates, consistent with this policy, when setting rates in any year as documented in the respective year's Funding Impact Statement and Rates Resolution. The Council's requirement to consult is determined by s95A of the LGA.

~~65-68.~~ The Council has chosen to have a small number of targeted rates and will provide transparency of how much a ratepayer's rates is contributing to activities by using better communication tools than the rates invoice. Information on targeted rates is listed in the Rating Policy, Rates Resolutions and Funding Impact Statement for each year.

~~69.~~ The Council consulted on changes to targeted rates in its 2020 rates review, the outcomes of which are reflected in this and other relevant policies.

#### Preamble to Te Ture Whenua Māori Act 1993:

70. Council's main tools for ensuring it supports and promotes the retention of Māori land in the hands of its owners, their whānau and their hāpū and to facilitate the development and utilization of that land for the benefit of the same are within its suite of rating and remission tools, particularly as they relate to Māori freehold land in multiple ownership, papa kainga, and whenua rahui.

~~66-71.~~ This is furthered by ensuring that its Rating Information Database contains land classification and valuation information complies with the Local Government (Rating of Whenua Māori) Amendment Bill.

#### References

- The Funding Needs Analysis, required by section 101(3) of the LGA, provides the background and analysis to explain the funding decisions we have made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.
- The Investment and Liability Management Policies place restrictions on the use of the proceeds from asset sales.
- The Rating Policy further clarifies funding requirements by documenting matters not included in this Revenue and Financing Policy. It includes definitions and, when applicable, maps for rating areas.
- The Funding Impact Statement is included in each Long-term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10. This statement shows the results of the detailed rates calculation for each year.

Together the above documents form the necessary components to lawfully charge under



the LGA for our revenue requirements. We must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

## DRAFT Funding Needs Analysis

This policy does not form part of the Revenue and Financing Policy, it is a separate document that records the detailed application of s101(3). The Revenue and Financing Policy describes how the Council has complied with s101(3). A change in this document does not in itself change the Revenue and Financing Policy.

### Purpose and scope

1. The Funding Needs Analysis (FNA) provides the background and analysis to explain the funding decisions made by the Council.
2. To comply with section 101(3),<sup>1</sup> the Council must determine the appropriate sources of funding<sup>2</sup> for each activity. In determining this, they must take into consideration under s 101(3)(a):
  - 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.*
  - e. *The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities."*
3. The legislation places no more or less weight or priority on any one of the factors listed in section 101(3)(a).
4. Having completed the above analysis, the Council must then consider under section 101(3)(b): *"The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community."*
5. The following sections document the matters and approaches the Council has taken to determine the funding needs of an activity and how that translates into the Council's decision on the appropriate funding sources to be used.

### Previous reviews

6. The FNA was last reviewed in 2018, and Council retained its existing Revenue and Financing Policy included in the 2018-28 Long-term Plan (LTP).
7. The Council undertook a review and rewrite in 2020. Changes have been made reflecting the considerations of the Council as they considered the funding of activities in developing the 2021-31 LTP.

### Funding sources for operating costs

8. Operating costs are the everyday spending that maintains the services delivered by the Council. This includes corporate overheads, funded wear and tear on assets (depreciation) and interest costs of borrowing for capital projects.
9. The Council must consider the funding for each activity in a way that relates exclusively to that activity. Some activities may be best funded by user charges such as swimming pool entry fees, others with targeted rates and others from a general rate. Distinct funding may assist ratepayers or payers of user charges to assess more readily whether the cost of the service provided to them either directly or indirectly represents good value. They can also more easily determine

<sup>1</sup> All references to legislation are to the Local Government Act 2002 (LGA), unless otherwise stated.

<sup>2</sup> The funding sources are listed in section 103 LGA and the Council’s preference for using funding sources is described in the Revenue and Financing Policy. how much money is being raised for the service and spent on the service.

10. The funding sources for operating and capital costs are:
- a. Fees and charges.

b. Grants and subsidies and fuel taxes.

c. Other income.

d. Investment income.

e. Financial contributions

f. Development contributions

g. Lump sum payments

h. Reserve funds.

i. Borrowing

j. Proceeds from the sale of assets

k. Rates
  - General rate
  - Targeted rates.
11. Each funding source and how the Council prefers to use that funding source for operating expenses is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Table 1: Matters the Council considers in applying the legislation for operating expenses

Section 101(3)(a) - Step 1 reference	Matters Council might consider
<b>Community outcomes - s.101(3)(a)(i)</b>	The Council determines which of its community outcomes an activity primarily contributes to.  Council will consider how their funding choices will support the achievement of the community outcomes.
<b>Distribution benefits - s.101(3)(a)(ii)</b>	The distribution of benefits is given consideration by the Council. Determining benefit is inherently subjective.  Where the Council considers there is a clearly identified direct relationship between users and the services provided then the Council will consider fees and charges or targeted rates.  Where the Council considers the services provide a benefit to the community as a whole; is of a uniform nature; or where the Council is not able to identify a direct relationship between users and the service the Council will consider using general rates.
<b>Period of benefit - s.101(3)(a)(iii)</b>	For most operational expenses the benefit is received in the year the expense is incurred.  For most activities depreciation (an operating expense) is cash funded from revenue sources and this is placed into reserve funds for the future renewal of assets.  Some operational expenses (provisions) may have a benefit over multiple years and so the Council may choose to fund the activity over that period.

<b>Who creates the need - s.101(3)(a)(iv)</b>	<p>Some services are provided because the actions or inactions of individuals or groups create the need to undertake the activity.</p> <p>The Council may choose to target these people or organisations through fines, charges or rates.</p>
<b>Separate funding - s.101(3)(a)(v)</b>	<p>The Council must consider the practicalities of separate funding along with transparency and accountability.</p> <p>In some cases, while it may be desirable to charge individuals there may be no practical way of doing so.</p> <p>For all activities the Council is able to easily identify what proportion of operational expenses is recovered from each funding sources. In the case of rates the Council is able to inform individual ratepayers of their rates contribution to each activity using communication tools.</p>

12. Analysis for operating costs by activity is described in Schedule 1.

Funding sources for capital costs

13. Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs include:
- a. Fees and charges.
  - b. Grants and subsidies and fuel taxes.
  - c. Other income.
  - d. Investment income.
  - e. Financial contributions
  - f. Development contributions
  - g. Lump sum payments
  - h. Reserve funds.
  - i. Borrowing
  - j. Proceeds from the sale of assets
  - k. Rates
    - General rate
    - Targeted rates.
14. Each funding source and how the Council prefers to use that funding source for capital expenditure is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Analysis for capital costs by activity

15. Capital costs would be funded on the same principles as the operating costs funding policy, subject to the nature and purpose of the expenditure, unless the Council resolves otherwise. Such a resolution will follow the funding guidelines and in doing so would be consistent with this policy and would not require amendment to the policy. Existing Planned projects ~~{projects resolved prior to 3 December 2020}~~ will be funded according to the Annual Plan, Long-term Plan or other resolution at the time of the Council approving the project. It is not always practicable to determine a funding policy for an unknown future project in advance.
16. The Council uses the following guidelines when considering the funding of capital projects:
- a. A Funding Needs Analysis will be completed ( see paragraph 18).
  - b. All projects are first funded from grants, subsidy or other income where available.



- c. Renewal projects that maintain the same service level are then funded from reserve funds set aside for that purpose.
  - d. Reserve funds for other purposes that are not restricted are considered.
  - e. Lump sum and other rating options are considered.
  - f. Projects that have exhausted previous funding sources or are for new or increased service levels or for growth in non-network infrastructure are then funded from debt.
17. A single project may have a mix of each of these funding options.
18. It is not practical to create separate funding policies for each and every capital project. The Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity.
19. Whenever funding a capital project, the Council will consider the available sources of funds, the Revenue and Financing Policy, section 101(3) in applying the above guidelines to a capital project. Generally, the Council will resolve the funding policy at the time the project is proposed in an Annual or Long-term Plan. In undertaking this assessment, it shall have regard to the matters in table two.

Table 2: Matters the Council considers in applying the legislation for capital expenses

Headings -s.101 reference	Matters Council might consider
<b>Community outcomes - s.101(3)(a)(i)</b>	<p>The Council determines which of its community outcomes the capital project or activity contributes to.</p> <p>Council will consider how their funding choices will support the achievement of the community outcomes.</p>
<b>Distribution benefits - s.101(3)(a)(ii)</b>	<p>The distribution of benefits is expected to be the same as that for the operating costs of the activity in which it is funded unless the Council resolves otherwise. Determining benefit is inherently subjective.</p> <p>The Council may choose to target those people or organisations who primarily benefit through financial and development contributions, lump sum options or targeted rates.</p>
<b>Period of benefit- s.101(3)(a)(iii)</b>	<p>For most capital projects the benefit is received over the life of the asset. The Council will have regard to the equitable distribution of costs to each generation for the construction and renewal of the asset. For example, this may result in the Council not funding asset renewal while still funding debt.</p>
<b>Who creates the need- s.101(3)(a)(iv)</b>	<p>Some services are provided because the actions or inactions of individuals or groups create the need to undertake the activity.</p> <p>The Council may choose to target these people or organisations through financial contributions or targeted rates.</p>
<b>Separate funding- s.101(3)(a)(v)</b>	<p>The Council must consider the practicalities of separate funding along with transparency and accountability.</p> <p>In some cases, while it may be desirable to charge individuals there may be no practical way of doing so.</p>

For many smaller capital projects, it is not practical to have a separate funding policy. Where the Council does not resolve otherwise a capital project will be funded consistently with the funding mechanism adopted for the operating costs in the activity in which it is funded, and the purpose of the project.

Funding bands

- 20. After considering the section 101(3)(a) components, the Council considers to what extent each of the funding sources can fund each activity. This guide is intended to be in place for the next three years before it is reviewed. As costs change over time, it is not possible to precisely determine the percentage allocated. For this reason, the Council has decided to band the percentages into the categories listed in table three.
- 21. The assessment in Schedule 1 identifies the most likely sources of funding an activity is budgeted to receive. In all cases , rates fund the balance of the activity after all other sources have been maximised. It is likely that from time to time the Council will be able to secure additional funding that may be become available.
- 22. Budgets will normally be set within these ranges. These ranges are expressed as a percentage of the cost of the activity and are indicative only. They may change over time because of changes in expenditure rather than changes in revenue. It is also likely that actual funding sources will be different from budgeted funding sources.

Table 3: Funding bands

Name	Percentage range
Unlikely	0%
Minimal	0% - 20%
Low	20% - 40%
Moderate	40% - 60%
High	60% - 80%
Most	80% -100%
All	100%

Funding sources and rationale

- 23. The ‘Rationale’ column of Schedule 1 identifies which of the funding sources the Council plans to use in budgeting to fund the operating costs of each activity. It is determined by the Council after consideration of each clause of section 101(3)(a).
- 24. The assessment of the funding sources is a complex matter of weighing up the requirements of section 101(3)(a) with the available sources and the Council’s preferences for using these sources. The Council has documented its rationale for choosing each the funding source in this Funding Needs Analysis and the Revenue and Financing Policy.
- 25. The funding source for an activity may be modified by the Council when it considers the requirements of section 101(3)(b). If this has occurred, it is considered as part of the overall funding considerations section in the Revenue and Financing Policy.

Schedule One: Activity Funding Needs Analysis – operating costs

Group Activity: Transport		Activity: Transport				Funding Sources by Funding Stream	
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale		
<p>This activity primarily contributes to Council's outcome:</p> <ul style="list-style-type: none"><li>Strong and prosperous economy</li></ul> <p>and is associated with Council's outcomes:</p> <ul style="list-style-type: none"><li>Safe, supported and well-led community</li></ul> <p>Our communities and business are connected to each other and to our markets by a safe efficient and integrated transport network.</p>	<p><b>Roading:</b> The roading network serves the whole district and everyone benefits.</p> <p>Roads are necessary to deliver export products to markets within Wairoa, New Zealand and the world. The district's economic prosperity is dependent on production from its rural catchment.</p> <p>Roads provide corridors for other utility providers such as power, communications, water and wastewater.</p> <p>Roads, street lighting, signage, and footpaths and parking are provided as a public good. Individuals and business benefit directly from access to property and facilities.</p> <p><b>Airport:</b> The provides quick access in and out of the region supporting business and emergency management.</p> <p>The availability of the airport serves the whole district, and everyone benefits.</p> <p>Individual uses receive a private benefit.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>There is an impact of the actions or inactions of others. Costs are driven by traffic volumes and size. Large vehicles, wear roads out more quickly than vehicles.</p> <p>The forestry industry places significant demand on the roading network for which Council incurs additional costs. The growth of the forestry industry is leading to greater roading damage.</p> <p>Airport users expect a consistent service level.</p>	<p>The whole community benefits from the roading network and airport, as such there is little advantage in having separate funding.</p> <p>The use of differential rating tools can easily adjust for sectors to make a varying contribution.</p> <p>There are few reasonably practicable options for charges in users directly for their use of or damage to the roads.</p> <p>Charging airport users for rents and landing fees is common and efficient.</p>	<p>Subsidies are primarily sourced from New Zealand Transport Agency (NZTA). Additional funding will be sourced whenever available (e.g., Provincial Growth Fund)</p> <p>Council also receives a small amount of regional petrol tax.</p> <p>Council maximises the amount of subsidy for the level of spending it approves.</p> <p>The whole district benefits from the roading network.</p> <p>The general rate allows for the differential allocation of benefit to sectors and adjustment of contribution for those whose actions cause additional costs and for advancing community outcomes.</p>	<p><b>Roading</b></p> <p><b>HIGH (60% - 80%)</b> Grants and subsidies.</p> <p><b>LOW (20% - 40%)</b> General rate</p> <p><b>UNLIKELY (0%)</b> All other funding sources.</p> <p><b>Airport</b></p> <p><b>HIGH (60% - 80%)</b> General rates</p> <p><b>MINIMAL (0% - 20%)</b> Fees and charges</p> <p><b>Other</b></p> <p><b>UNLIKELY (0%)</b> All other funding sources</p>	



Group Activity: Water					
Activity: Water					
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>Safe, supported and well-led community</li> <li>Strong and prosperous economy</li> <li>Protected and healthy environment</li> <li>Valued and cherished culture</li> </ul> <p>Access to safe water that is managed with cultural and environmental sensitivity is essential to community wellbeing.</p>	<p>The communities that are reticulated with a public water supply are the beneficiaries. With extended dry seasons there is greater demand on Council's network for tanker water to be supplied to non-reticulated properties.</p> <p>The entire community benefits through better health, kai moana, recreation and the environment outcomes and having protection in the case of fire.</p> <p>This community benefit can be recognised with a general rates component in the funding.</p> <p>All property owners/residents/tourists benefit from receiving water and protection from any fire risk.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.</p>	<p>The actions of most individuals or groups have a minor impact. There is considerable government intervention in the provision of safe, healthy, compliant drinking water.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p> <p>It also provides transparency on the cost of an essential service.</p>	<p>Those who (either directly or indirectly) benefit should pay.</p> <p>There are some water users where charging based on actual quantities is practical due to the location, size or the use of the property. Their share of costs is recovered by way of targeted water meter rates.</p> <p>The cost of the water supply and network is equalised across all non-metered connections within the district.</p> <p>A portion of the cost benefits the whole district and can be recovered in the general rate.</p>
					<p><b>Funding Sources by Funding Stream</b></p> <p><b>MOST (80 - 100%)</b> Targeted rates</p> <p><b>MINIMUM (0% - 20%)</b> General rates</p> <p><b>INTEREST</b> Interest and dividend</p> <p><b>UNLIKELY</b> All other funding sources.</p>

Group Activity: Wastewater						
Activity: Wastewater						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Safe, supported and well-led community</li> <li>• Strong and prosperous economy</li> <li>• Protected and healthy environment</li> <li>• Valued and cherished culture</li> </ul> <p>Access to safe water that is managed with cultural and environmental sensitivity is essential to community wellbeing.</p>	<p>The collection, treatment, and disposal of wastewater are primarily a private benefit for people whose properties are connected to the schemes. Rural septic tank septage is transported to council wastewater treatment ponds.</p> <p>The protection of the environment is a benefit to the serviced communities.</p> <p>The entire community benefits through better health, kai moana, recreation and the environment outcomes.</p> <p>The benefits are expected to accrue primarily to individual users and businesses.</p> <p>There is a public health, environmental and recreational benefits are to whole district. This community benefit can be recognised with a general rates component in the funding.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.</p>	<p>A small number of heavy commercial producers have an adverse impact greater than most users.</p> <p>There is considerable government intervention in the provision of safe, healthy, compliant wastewater systems.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p> <p>It also provides transparency on the cost of an essential service.</p>	<p>In most cases it is not practicable to measure the quantity of each individual's contribution to the wastewater system.</p> <p>In the case of heavy commercial users of the waste system it is practical to measure the volume and quality of waste and charge appropriately for this.</p> <p>Those who (either directly or indirectly) connected targeted rate per pan is an efficient and simple way that approximates benefit of access and use of the services.</p> <p>Septage tankers are not paying the full cost of treatment recognising the wider community health benefits.</p> <p>A portion of the cost benefits the whole district and can be recovered in the general rate.</p>	<p><b>MOST (80% - 100%)</b> Targeted rates</p> <p><b>MINIMAL (0% -20%)</b> General rates Fees and charges Interest and dividends</p> <p><b>UNLIKELY</b> All other funding sources.</p>

Group Activity: Stormwater					
Activity: Stormwater					
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Safe, supported and well-led community</li> <li>• Strong and prosperous economy</li> <li>• Protected and healthy environment</li> <li>• Valued and cherished culture</li> </ul> <p>With forecast increase in heavy rain events collecting and managing stormwater protects houses, businesses and infrastructure. It must be managed with cultural and environmental sensitivity is essential to community wellbeing.</p>	<p>The collection, treatment and disposal of stormwater are primarily a community benefit in serviced communities.</p> <p>This benefit extends to the wider community as it includes protection of the environment and an accessible roading network.</p> <p>Some individual properties or groups of properties benefit from not being flooded.</p> <p>The benefits are expected to accrue:</p> <ul style="list-style-type: none"> <li>• To individual properties</li> <li>• The whole community</li> </ul>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.</p>	<p>The actions of individuals in increasing hard surfaces on properties increases stormwater volumes.</p> <p>There is considerable government intervention in the provision of safe, healthy, compliant wastewater systems.</p> <p>The Freshwater NPS will put more pressure on treating stormwater.</p>	<p>There is no practical way to charge individuals or groups for any direct benefit.</p> <p>Urban stormwater networks are funded from a mix of general and targeted rates reflecting the benefit to property owners in an urban area and the wider community benefit of stormwater managed on the road corridor.</p> <p>A portion of the cost benefits the whole district and can be recovered in the general rate.</p>	<p>There is no practical way to charge individuals or groups for any direct benefit.</p> <p>Urban stormwater networks are funded from a mix of general and targeted rates reflecting the benefit to property owners in an urban area and the wider community benefit of stormwater managed on the road corridor.</p> <p>A portion of the cost benefits the whole district and can be recovered in the general rate.</p>
					<p><b>Funding Sources by Funding Stream</b></p> <p><b>MOST (80% - 100%)</b> Targeted rates</p> <p><b>MINIMAL (0% - 20%)</b> General rates</p> <p><b>UNLIKELY</b> Interest and dividends</p> <p>All other funding sources.</p>



Group Activity: Waste Management					
Activity:	Waste				
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Safe, supported and well-led community</li> <li>• Strong and prosperous economy</li> <li>• Protected and healthy environment</li> <li>• Valued and cherished culture</li> </ul> <p>Managing waste assists houses and businesses. It must be managed with cultural and environmental sensitivity is essential to community wellbeing.</p>	<p>Individuals benefit directly from kerbside recycling and domestic refuse collection.</p> <p>The whole community benefits from waste minimisation and education as well as litter collection.</p> <p>The benefits are expected to accrue:</p> <ul style="list-style-type: none"> <li>• Primarily to individual users</li> <li>• Partly to the district as a whole</li> </ul>	<p>The benefit of most operating costs is expected to occur in the year the funding is sourced.</p>	<p>This activity is only required due to the act of creating waste.</p> <p>Those who create the waste are individuals and business.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p>	<p>The actions of individuals or groups (largely business) create the need to have this activity.</p> <p>Targeted rates appropriately recognise this benefit.</p> <p>The whole community benefits from litter collection of public places can be appropriately funded from general rates.</p> <p>The fees and charges at landfills and transfer stations (where Council provides the services), only partially funds the cost of disposal.</p> <p>Higher fees and charges encourage those who create the waste recognise the cost of their actions and encourage waste reduction.</p> <p>There is also a small benefit to the whole community of this activity with waste not dumped elsewhere</p>
					<p><b>Funding Sources by Funding Stream</b></p> <p><b>MODERATE (40% - 60%)</b> Targeted rates</p> <p><b>LOW (20% - 40%)</b> Fees and charges</p> <p><b>MINIMAL (0% - 20%)</b> General rates</p> <p><b>Other</b></p> <p><b>UNLIKELY</b> All other funding sources.</p>

Group Activity: Leadership and Governance						
Activity: Community Representation						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Safe, supported and well-led community</li> <li>• Strong and prosperous economy</li> <li>• Protected and healthy environment</li> <li>• Valued and cherished culture</li> </ul> <p>Local people making local decisions requires balancing the conflict needs of individuals for the overall benefit of the whole community</p>	<p>The activity supports the decision-making function of Council and therefore benefits the community as a whole.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individuals or groups have a minor impact on this activity.</p>	<p>Council considers that there is little benefit of separately funding this activity.</p>	<p>The benefits of this activity are available to the whole community; the majority of electors are ratepayers.</p>	<p><b>All (100%)</b> General rates <b>UNLIKELY</b> All other funding sources.</p>
Activity: Māori Relations						
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Valued and cherished culture</li> <li>• Safe, supported and well-led community</li> </ul> <p>and is associated with Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Strong and prosperous economy</li> <li>• Protected and healthy environment</li> </ul> <p>Māori are 66% of the community, having strong relations with Māori it is essential to community wellbeing.</p>	<p>The activity supports the decision-making function of Council and therefore benefits the community as a whole.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individuals or groups have a minor impact on this activity.</p>	<p>Council considers that there is little benefit of separately funding this activity.</p>	<p>The benefits of this activity are available to the whole community.</p>	<p><b>All (100%)</b> General rates <b>UNLIKELY</b> All other funding sources.</p>
Activity: Economic Development						
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Strong and prosperous economy</li> </ul> <p>and is associated with Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Safe, supported and well-led community</li> <li>• Protected and healthy environment</li> <li>• Valued and cherished culture</li> </ul> <p>Jobs are essential to population growth and the wellbeing of all in the community.</p>	<p>The activity supports the district promotion, visitor information including the I-site.</p> <p>Increased economic activity creates jobs and supports everyone and therefore benefits the community as a whole.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individuals or groups have a minor impact on this activity.</p>	<p>Council considers that there is little benefit of separately funding this activity.</p>	<p>The benefits of this activity are available to the whole community.</p>	<p><b>MOST (80%-100%)</b> General rate <b>MINIMAL (0%-20%)</b> Grants and Subsidies <b>UNLIKELY</b> All other funding sources.</p>

Group Activity: Planning and Regulatory					
Activity: Resource Planning					
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>Protected and healthy environment</li> <li>Strong and prosperous economy and is associated with Council's outcomes:</li> <li>Safe, supported and well-led community</li> <li>Valued and cherished culture</li> </ul> <p>District planning and consenting is essential to protecting environmental and cultural outcomes supporting a prosperous economy.</p>	<p>Individuals that apply for consents and use the other services in this area are the predominant beneficiaries of this activity. Through their actions they directly drive the majority of the costs.</p> <p>These resource consent activities also provide benefit to persons other than the applicant such as future owners and occupiers of the land (a property-based benefit). There is also a person-based benefit in relation to the information that is supplied to the public through inquiries, for example providing support to potential applications or responding to service requests.</p> <p>Future residents benefit from the protection of our environment and our response to climate change.</p> <p>Resource Consent Compliance Monitoring and RMA Enforcement benefits the consent holder and the community.</p> <p>The benefits are expected to accrue:</p> <ul style="list-style-type: none"> <li>Primarily to individual users.</li> <li>Partly to the district as a whole in support of the community outcomes.</li> </ul>	<p>The principal benefit of operating costs is expected to arise in the year the funding is sourced.</p> <p>There is a secondary benefit to future sustainability.</p>	<p>The actions of individuals and groups drive the costs in this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>A user charge recognises the benefits to people who apply for resource consents.</p> <p>Although the primary benefit of a resource consent sits with the consent holder the community outcomes desires that we have a strong prosperous economy and so, Council wants to encourage a high level of consent compliance.</p> <p>For these reasons Council considers it appropriate to fund a portion of the costs of consents from ratepayers rather than consent applicants.</p> <p>As future ratepayers benefit from the development of a district plan, the funding for this is spread over future years with borrowing.</p>
					<p><b>Funding Sources by Funding Stream</b></p> <p><b>MODERATE (40%-60%)</b> Borrowing General rate</p> <p><b>MINIMAL (0%-20%)</b> Fees and Charges</p> <p><b>UNLIKELY</b> All other funding sources.</p>
Activity: Building Control					
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>Strong and prosperous economy and is associated with Council's outcomes:</li> <li>Safe, supported and well-led community</li> <li>Protected and healthy environment</li> <li>Valued and cherished culture</li> </ul> <p>Safe homes and buildings improve the wellbeing of all in the community.</p>	<p>Individuals that apply for consents, licenses and use other services in this area directly drive the majority of the costs.</p> <p>Services within this activity also provide for the safety of the public, and requirements earthquake prone buildings.</p> <p>Information is supplied to the public through inquiries, for example providing support to potential applications or responding to service requests.</p> <p>The benefits are expected to accrue:</p> <ul style="list-style-type: none"> <li>Primarily to individual users.</li> <li>Partly to the district as a whole.</li> </ul>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p> <p>There is a secondary benefit to future housing stock that is fit for purpose.</p>	<p>The actions of individuals and groups drive the costs in this activity.</p>	<p>The distinct beneficiaries for each component support multiple funding streams.</p>	<p>Fees and charges are favoured for the full cost of UMIs and PIMS.</p> <p>Although the primary benefit of a building consent sits with the consent holder the Council wants to encourage growth and improvement of existing housing and businesses.</p> <p>For these reasons Council considers it appropriate to fund a portion of the costs of consents from ratepayers rather than consent applicants.</p>
					<p><b>Funding Sources by Funding Stream</b></p> <p><b>MODERATE (40%-60%)</b> General rate</p> <p><b>MINIMAL (0%-20%)</b> Fees and charges</p> <p><b>UNLIKELY</b> All other funding sources.</p>



Activity: Bylaw Compliance					
This activity primarily contributes to Council's outcomes: <ul style="list-style-type: none"><li>Safe, supported and well-led community</li></ul> and is associated with Council's outcomes: <ul style="list-style-type: none"><li>Strong and prosperous economy</li><li>Protected and healthy environment</li><li>Valued and cherished culture</li></ul> The community must feel a safe place to live. This part of a people's rationale when choosing where to live. Growing communities then support a growing a strong and prosperous economy.	Dog and livestock control minimise danger, distress and nuisance caused by stray dogs and to ensure the control of stock on the roads of the district in the interests of public safety.  General Bylaw Enforcement: <ul style="list-style-type: none"><li>Supports public health and safety and the enjoyment of public spaces.</li><li>Enforces the rules for users of roads, water, wastewater and cemeteries and for the impacts of urban fires.</li></ul> The benefits are expected to accrue: <ul style="list-style-type: none"><li>Partly to individual users.</li><li>Partly to the district as a whole.</li></ul>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.  Particularly: <ul style="list-style-type: none"><li>owners of dogs who create the requirement to manage all dogs.</li><li>Owners of non-controlled dogs and livestock</li><li>Those who breach bylaws</li></ul>	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	Fees and charges for Dog Control are largely collected in registration the owners of dogs in recognition that it is their action of owning a dog or then inaction of controlling a dog or stock that drives costs.  Fees and charges (including fines and other enforcement charges) are required for no compliance of all bylaws.  General rates recognise that a portion of these services benefit the whole community.
Activity: Liquor Control					
This activity primarily contributes to Council's outcomes: <ul style="list-style-type: none"><li>Safe, supported and well-led community</li><li>Strong and prosperous economy</li></ul> and is associated with Council's outcomes: <ul style="list-style-type: none"><li>Protected and healthy environment</li><li>Valued and cherished culture</li></ul> Liquor has positive and negative impacts on the community.	Liquor can only be sold with a license and the benefit of that license sits largely with the licensee.  The community benefits from appropriate liquor control by limiting the negative effects from alcohol harm while maximising positive benefits in social environments	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.  Particularly: <ul style="list-style-type: none"><li>Applicants for liquor and associated licences</li><li>Those who breach the rules.</li></ul>	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.  There is no mechanism for Council to charge those who create negative social outcomes.	Fees and charges for liquor licensing are set by Government and only recover part of the cost of the activity.  Managing good social behaviours and eliminating adverse events is in the interest of the community as whole.
Activity: Environmental Health					
This activity primarily contributes to Council's outcomes: <ul style="list-style-type: none"><li>Safe, supported and well-led community</li><li>Strong and prosperous economy</li><li>Protected and healthy environment</li></ul> and is associated with Council's outcomes: <ul style="list-style-type: none"><li>Valued and cherished culture</li></ul>	This activity promotes and improves human health, safety, comfort and wellbeing for all persons in the district and protects the environment from preventable harm.  This activity comprises noise control, food and registered premises, water supply monitoring, public nuisances and implementation of public health frameworks.  The main beneficiaries are business owners, consent holders, and the community as a whole.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.  Some activities are undertaken to protect others from the actions of others.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	Fees and charges are preferred where the actions of individuals or groups of individuals create negative effects on the community and where there is a direct benefit to the user of the service.  Council prefers a general rate for that portion of the budget that cannot be recovered from fees and charges due to these services contributing to the vibrancy of the district by making it safer.

The community must feel a safe place to live. This part of a people's rationale when choosing where to live . Growing communities then support a growing a strong and prosperous economy.

Group Activity: Community Facilities					
Activity:	Cemeteries				
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>Protected and healthy environment</li> <li>Valued and cherished culture</li> <li>Safe, supported and well-led community and is associated with Council's outcomes:</li> <li>Strong and prosperous economy</li> </ul> <p>Different cultures and circumstances contribute to different approaches to death. These are important social and cultural considerations in determining funding choices.</p>	<p>Cemeteries: Individual users, particularly families of the deceased.</p> <p>The community as a whole in the availability of well-maintained open space and as a repository of genealogical and other human interest or heritage information.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.</p>	<p>The actions of most individuals or groups have some impact on this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>Users of the services pay for their use of the facilities.</p> <p>There is no practically way to charge for on-going maintenance that is therefore best funded from the general rate</p>
					<p><b>MOST (80%-100%)</b> General rate</p> <p><b>MINIMAL (0%-20%)</b> Fees and charges</p> <p><b>UNLIKELY</b> All other funding sources.</p>
Activity:	Parks and Reserves				
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>Protected and healthy environment</li> <li>Valued and cherished culture</li> <li>Safe, supported and well-led community and is associated with Council's outcomes:</li> <li>Strong and prosperous economy</li> </ul> <p>Access to parks and reserves provide benefits of being active as well as creating environments for enjoyment.</p>	<p>There is a public/whole of community benefit through the provision of formal and informal recreational opportunities that enhance and support community health and well-being.</p> <p>There is a private/individual benefit to the community and sporting groups who use Council recreational facilities.</p> <p>There is a small benefit for event organisers and sections of the business community from the commercial spend of participants associated with particular events.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.</p>	<p>The actions of most individuals or groups have some impact on this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>There is no practical way to collect revenues from some individual benefit across this activity.</p> <p>Local residents enjoy the benefits of landscape amenity in their locality.</p>
					<p><b>MOST (80%-100%)</b> General rate</p> <p><b>MINIMAL (0%-20%)</b> Other</p> <p><b>UNLIKELY</b> All other funding sources.</p>
Activity:	Community Support				
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>Valued and cherished culture</li> <li>Safe, supported and well-led community and is associated with Council's outcomes:</li> <li>Protected and healthy environment</li> <li>Strong and prosperous economy</li> </ul>	<p>The whole community benefits from the support of events, encouragement of participation and community facilities.</p> <p>These benefits are widespread across the district</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current</p>	<p>The actions of most individuals or groups have minor impact on this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>The whole district benefits from the growth of community social and cultural wellbeing.</p> <p>External bodies will support the district to undertake this activity.</p>
					<p><b>MOST (80%-100%)</b> General rate</p> <p><b>MINIMAL (0%-20%)</b> Grants and subsidies</p> <p><b>UNLIKELY</b> All other funding sources.</p>



Community support and development builds communities through empowering them to evolve develop and grow.	year and probably in future years. This is managed through reserve funds.
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Group Activity: Corporate Functions				
Activity:	Property			
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding
This activity primarily contributes to Council's outcomes: <ul style="list-style-type: none"> <li>Safe, supported and well-led community and is associated with Council's outcomes: <ul style="list-style-type: none"> <li>Valued and cherished culture</li> <li>Protected and healthy environment</li> <li>Strong and prosperous economy</li> </ul> </li> </ul> Community support and development builds communities through empowering them to evolve develop and grow.	The activity supports the Council operations by providing and maintaining operational properties. <ul style="list-style-type: none"> <li>External income is derived from rents and leases for private benefit.</li> </ul>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity. Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.
Rationale				
The benefits are available to individuals and groups is collected from rents and leases. The remainder of the benefit is to the whole community.				
Funding Sources by Funding Stream				
<b>MODERATE (40%-60%)</b> General rate Fees and charges <b>MINIMAL (0%-20%)</b> Grants and subsidies. Other <b>UNLIKELY</b> All other funding sources.				
Group Activity: Corporate Funds Management				
Activity:				
This activity primarily contributes to Council's outcomes: <ul style="list-style-type: none"> <li>Safe, supported and well-led community and is associated with Council's outcomes: <ul style="list-style-type: none"> <li>Valued and cherished culture</li> <li>Protected and Healthy environment</li> <li>Strong and prosperous economy</li> </ul> </li> </ul> Community support and development builds communities through empowering them to evolve develop and grow.	The activity supports the Council operations by effectively managing all investments. The whole community benefits from this.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.
Rationale				
The benefit is to the whole community.				
Funding Sources by Funding Stream				
<b>MOST (80%-100%)</b> Interest and dividends <b>MINIMAL (0%-20%)</b> Regional Fuel Tax Fees and charges <b>UNLIKELY</b> All other funding sources.				
Group Activity: Corporate Support Services				
Activity:				
This activity primarily contributes to Council's outcomes: <ul style="list-style-type: none"> <li>Safe, supported and well-led community</li> </ul>	The whole community benefits from this.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of
Rationale				
The cost of this activity is allocated to all other activities				
Funding Sources by Funding Stream				
<b>ALL (100%)</b> Internal fees and charges				

and is associated with Council's outcomes: <ul style="list-style-type: none"><li>Valued and cherished culture</li><li>Protected and Healthy environment</li><li>Strong and prosperous economy</li></ul> Community support and development builds communities through empowering them to evolve develop and grow.	have a minor impact on this activity.	Council's costs on this activity.
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# Revenue and Financing Policy 2024

## Purpose and scope

1. This policy outlines the choices Council has made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The policy also shows how the Council complied with section 101(3) of the LGA which sets out a number of factors we must consider when making these decisions. A comprehensive analysis of this is included in the Funding Needs Analysis (Appended).

2. Deciding the best way to fund activities is complex. Applying the legislation is complex and involves many statutes, regulations and multiple statutory policies. The outcome of balancing all those matters requires judgement having considered many factors including but not limited to:
- Legal.

▪ Social.

▪ Competition.

▪ Affordability.

▪ Impact of change.

▪ Efficiency.

▪ Equity.

▪ Cost.

▪ Intergenerational equity.

▪ Transparency.

▪ Accountability.

▪ Business.

▪ Strategic Alignment.

▪ Benefit.

## Policy

### Funding of Recovery

3. Recovery work packages will be undertaken within the Council activities with greatest strategic alignment to those packages. While the funding for these packages may often mirror what takes place in the normal course of business for these activities, the funding for each will be separately determined and formalised in updates to the Recovery Plan. The policy statements and parameters that follow in this document pertain to the normal course of business.

### Water Services Reforms

4. At the time of this policy review the Government has repealed the pre-existing Water Services Entities and Water Services Reform legislation under its ‘Local Water Done Well’ programme. The future for water services remains uncertain but it is generally held that change is inevitable. As such, policy statements relating to the funding of Water Supply, Wastewater and Stormwater within this document shall hold for as long as these activities are delivered exclusively by Council.

### Funding sources for operating expenses

5. Operating costs are the everyday spending on Council activities. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and overheads.

6. The funding of each activity must be considered individually. Some activities may be best funded by user charges, such as building consents, others with targeted rates, such as water, and others from the general rate, such as roading.

7. The funding sources used for operating costs and the Council’s policies in respect of funding operating expenses are described in the following sections.



### User Charges

8. User charges are applied to services where it is identified there is a benefit to an individual or group, or directly attributable cost. User charges are a broad group of fees charged directly to an individual or entity including but not limited to:
 

▪ Service charges.	▪ Fines and penalties.	▪ Planning and consent fees.
▪ Hire.	▪ Connection fees.	▪ Statutory charges.
▪ Rent, lease, licences for land and buildings.	▪ Disposal fees.	▪ Retail sales.
▪ Permits.	▪ Deposits.	▪ Landing fees
▪ Regulatory charges.	▪ Private works.	
9. The price of the service is based on a number of factors, including but not limited to:
  - a. The cost of providing the service.
  - b. The estimate of the users' private benefit from using the service.
  - c. The impact of cost to encourage/discourage behaviours.
  - d. The impact of cost on demand for the service.
  - e. Market pricing, including comparability with other councils.
  - f. The impact of rates subsidies if competing with local businesses.
  - g. Cost and efficiency of collection mechanisms.
  - h. The impact of affordability on users.
  - i. Statutory limits.
  - j. Other matters as determined by the Council.
10. The ability to charge user charges is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (such as the Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. It is appropriate to incorporate overhead costs when determining the cost of providing a service.
11. Where goods or services are sold commercially, and taking into consideration legislative limitations, the Council's preference is to charge a market price. This includes retail sales, leases, rents and licences for land and buildings.
12. Fees and charges may be set at any time and are reviewed annually. A list of current fees and charges is maintained on our website.
13. Revenue from user charges is generally allocated to the activity which generates the revenue.

### Grants, sponsorship, subsidies and other income

14. Grants, sponsorship and subsidies are used where they are available. Many of these types of income are regular and predictable and can be budgeted for (for example Waka Kotahi NZTA roading subsidy). Some other types are unexpected or unpredictable and may not be able to be prudently budgeted (such as Provincial Growth Fund funding, reparation payments, civil defence and other reimbursements, legal settlements and insurance claims). These are applied as they arise to the corresponding activity or project.

### Investment income and proceeds from the sale of assets

15. The Council's approach to investments is documented in the Investment and Liability Management Policies. These investments generate income such as dividends, interest, and rents.
16. Income from all asset disposals are generally receipted to the activity that used the asset to deliver service. Generally, these proceeds are considered to be capital in nature. However, low value items may be used to fund operating costs. Council may resolve to utilise higher value proceeds for operating purposes if it is satisfied that it is prudent and in the community's interest.

### Surpluses

17. Council will price its activities (fees and charges, leases) on a prudent cost recovery basis. As a not-for-profit public benefit entity its financial objective is to maximise value. There are however several circumstances where Council may make a surplus:
  - a. To pay for future projects – funds will be held in reserve until the project budget is approved.
  - b. Windfalls and donations without conditions. Council will determine appropriate utilisation.
  - c. ‘Sales’ volumes exceed expectations, e.g. consenting revenue, licenses. Surpluses will be used to repay debt or acquire investments the income from which may be used to offset operating expenses.

### Development contributions, financial contributions and lump sum contributions

18. Generally, there is little revenue from these funding sources to fund operating costs.
19. Lump sum contributions have been used for the Māhia and Ōpoutama wastewater schemes, which included a portion of operating cost (interest). Council has an Early Payment of Rates Policy enabling existing ratepayers for these schemes to pay future targeted rates for this in advance.
20. Council will consider using lump sum contribution arrangements as a suitable funding option for future projects.
21. Financial contributions, relating to resource consents are collected and placed in a reserve fund. The use of this funds could include some operating costs. The Council does not currently take development contributions, but they are a legitimate source of revenue for specific purposes that this policy permits subject to the adoption of a separate Development Contributions Policy. Should development contributions be implemented a portion of revenue funds the interest cost on debt for growth related capital projects.

### Reserve funds

22. Reserve funds are used for the purposes that they were created. Reserve funds may be used to meet operating costs if the expenditure is consistent with the purpose of the fund.

### Borrowing

23. The Council’s approach to Borrowing is documented in the Investment and Liability Management Policies. The Council generally plans to fund all cash operating costs from sources other than borrowing but may in specific circumstances, where it determines it is prudent to do so, fund some operating costs from borrowing.

### Rates

24. Having exhausted all other funding sources, Council funds its remaining operating expenses from rates. For many activities this is the main funding source.
25. The Council may establish general or targeted rates to fund operating costs.

### Summary of sources of funding for operation costs by activity

26. The above funding sources were considered when determining the funding required from all sources (including general rates or targeted rates) for each activity in the Funding Needs Analysis, as required by section 101(3)(a).
27. Table 1 shows the degree (expressed as a range) to which each funding source is used to fund operating costs in relation to each activity to be funded, as required by section 101(3)(a) of the LGA.
28. After the activity by activity analysis, the Council undertakes an analysis of the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community. The results of this analysis may vary the outcome of the activity by activity analysis.

29. The ranges in Table 1 are expressed as a percentage of the revenue budgeted to fund each activity and are indicative only. They may change over time because of changes in expenditure requirements. Actual funding sources may differ from the budgeted funding sources.

Table 1: Operating Funding by Activity	User charges	Grants, subsidies & other	Invest. Income	Fin. and Dev. Contributions	Reserve Funds	Borrowing	General Rates	Targeted rates
Water Supply	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Wastewater	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Stormwater	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Waste Management	20% -40%	0%	0%	0%	0%	0%	0% -20%	40% - 60%
Airport	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Parking	0%	0%	0%	0%	0%	0%	100%	0%
Roading	0%	60% - 80%	0%	0%	0%	0%	20% -40%	0%
Camping Grounds	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Cemeteries	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Community Centre	0%	0%	0%	0%	0%	0%	80% - 100%	0%
Community Support	0%	0% -20%	0%	0%	0%	0%	80% - 100%	0%
Library	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Memorial Hall	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Parks and Reserves	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Resource Planning	0% -20%	0%	0%	0%	20% -40%	20% -40%	40% - 60%	0%
Environmental Health	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Building Control	40% - 60%	0%	0%	0%	0%	0%	40% - 60%	0%
Liquor Control	40% - 60%	0%	0%	0%	0%	0%	60% - 80%	0%
Bylaw Compliance	40% - 60%	0%	0%	0%	0%	0%	40% - 60%	0%
Community Representation	0%	0%	0%	0%	0%	0%	100%	0%
Māori Relationships	0%	0%	0%	0%	0%	0%	100%	0%
Economic Development	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Gaiety Theatre	80% - 100%	0%	0%	0%	0%	0%	0% -20%	0%
Visitor Information	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Pensioner Housing	100%	0%	0%	0%	0%	0%	0%	0%
Property	0% -20%	0% -20%	0% -20%	0%	0%	0%	80% - 100%	0%
Funds Management	0%	0%	100%	0%	0%	0%	0%	0%

### Funding sources for capital costs

30. Capital costs are those costs associated with the purchase and improvement of assets, and the repayment of debt. The funding sources for capital costs and Council's policies in respect of the funding of this expenditure are described in the sections that follow.

### User charges

31. User charges are not often used for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of collecting user contributions for capital costs.
32. The Council may charge for capital works that are for private benefit (such as, a network extension to a single dwelling) or where capital works are undertaken outside of Asset Management Plans at the request of individuals (for example, a rural seal extension for dust suppression).

### Grants, subsidies, and other income

33. The Council relies on significant subsidies for capital works relating to our transport activity. Grants and subsidies may be available for other activities from time to time.
34. Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance claims, and legal settlements.
35. Grants, subsidies and other income are used wherever they are available.

### Development contributions

36. Development Contributions (DCs) fund capital costs necessary to service growth. This policy permits the collection of DCs should Council adopt a separate Development Contributions policy.

### Financial contributions

37. Financial contributions are collected under the Resource Management Act 1991 to avoid, remedy or mitigate adverse effects on the environment as conditions to resource consents. The requirements for these contributions are outlined in the District Plan. Contributions may be received in cash or as revenue by the vesting of assets.

### Proceeds from the sale of assets

38. From time-to-time, assets are disposed of. Usually these are low value items and the revenue is allocated to the activities that the assets were used in. In the case of short-life assets these proceeds would normally contribute to the cost of their replacement.
39. The Council holds some higher value assets for investment purposes which, although not budgeted for, could be sold. Unrestricted proceeds from the sale of these assets would be used to repay debt or supplement the corresponding asset replacement reserves, unless otherwise resolved. Restricted revenues would be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction.

### Reserve funds

40. Reserve funds for capital projects are held and the funds are used when a project meets the specific criteria for accessing the reserve. This includes renewal funding derived from rates for operating costs such as depreciation and other accounting provisions.

### Borrowing

41. The Council borrows to fund its asset programme. The amount of borrowing available is restricted by the debt limits set in the Financial Strategy.
42. Borrowed funds, both the principal and interest (an operational cost), are generally repaid by future rates.



43. Borrowing spreads the cost of the project over a longer period of time, smoothing changes in rates and ensuring that future ratepayers who will enjoy the benefit of long-lived assets contribute to their costs.

#### Lump sum contributions

44. When undertaking a major project, there is an option to seek lump sum contributions to the capital cost of the project from those who are identified in the projects "capital project funding plan". Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have restrictions placed on how they are used. Where a lump sum payment option is proposed ratepayers may choose to pay the lump sum or not. If not, the rating unit will be liable to pay any targeted rate set to recover the loan costs.

#### Rates

45. Rates are mostly used to fund everyday expenses including depreciation and interest costs related to borrowing.
46. A portion of rates funds the capital (principal) repayments of debt.
47. Council may establish targeted rates to fund specific capital projects where there is a benefit of separate funding.
48. Council holds reserve funds for capital expenditure. Some of which has been sourced from rates.

#### Summary of sources of funding for capital costs by activity

49. Funding of Capital costs will be determined via the same principles as the operating costs funding policy unless the Council resolves otherwise. Such a resolution will follow the funding guidelines and in doing so will be consistent with this policy and not require an amendment to the policy. Existing projects (projects resolved prior to the adoption of this policy) will be funded according to the Annual Plan, Long-Term Plan or other resolution made at the time the Council approved the project. It is not practicable to determine a funding policy for all unknown future projects. The main difference is that it is the purpose of the expenditure will have more bearing on the funding available. Capital projects are often large in nature and will provide benefits over many years, and the funding approach must reflect this.
50. The Council uses the following guidelines when considering the funding of capital projects:
  - a. A Funding Needs Analysis will be completed where the project is not included in the capital works programme or is additional to planned services, or where its inclusion impacts on Council's overall funding capacity.
  - b. All projects are first funded from grants, subsidy or other external income where available.
  - c. Renewal projects that maintain the same service level are then funded from reserve funds set aside for that purpose.
  - d. General purpose funds or unrestricted reserve funds held for other complementary purposes are considered.
  - e. Lump sum rating options are considered.
  - f. Projects that have exhausted previous funding sources or are for new or increased service levels or for growth in infrastructure are then funded from debt.
51. A single project may have a mix of each of these funding options.
52. It is not practical to create separate funding policies for each and every capital project. The Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity.
53. Whenever funding a capital project, the Council will consider the available sources of funds, the Revenue and Financing Policy, and section 101(3) in applying the above guidelines to a capital project. Generally, the Council will resolve the funding policy at the time the project is proposed in an Annual or Long-Term Plan.

#### Overall funding consideration

54. The Council is required by section 101(3)(b) of the LGA to consider “the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community”. This section allows that as a final measure, we may modify the overall mix of funding that would otherwise apply after the initial s101(3)(a) analysis for each activity to be funded.
55. The following adjustments can be made:
- a. The allocation of the rates liability between sectors of the rating base may be altered by using differentials on the general rate and certain targeted rates. The allocations in this Long-Term Plan were determined by the Council after consultation with the community in 2020. The Council may modify the differential factors during the term of the Long-Term Plan to reflect a change in allocation of cost, or benefit, or to achieve better community outcomes or wellbeing.  
  
This adjustment included an additional allocation of cost to the forestry differential for all activities, rather than just the incremental cost previously allocated from roading activities. The Council has decided this allocation to increase the rates to this sector is appropriate because of comparative negative community wellbeing impacts on the Wairoa community.
  - b. Rates affordability (people’s ability to pay rates) is an issue in parts of the region. Adjustments to limit the impact of fixed rates on lower value rating units were made so that rates are more affordable for lower value rating units.
  - c. Fees and charges may be waived or discounted where it is considered appropriate to do so. Some matters we may consider in deciding whether it is appropriate to waive fees are for social reasons (e.g., the promotion of events and facilities) or commercial reasons (e.g., due to poor service or to minimise risk).
  - d. Rates may be remitted where it considered appropriate to do so and as allowed for in the Rates Remissions and Postponements Policies (including Māori Freehold Land). These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (such as additional or no provision of some services).

### Relief during Severe Weather Event Response and Recovery

56. Council considers that the tools described in section 55 above, when applied in conjunction with bespoke funding and relief packages that become available during emergency response and recovery conditions, are sufficient in providing an adequate baseline level of financial relief to affected customers and ratepayers. Council will consider supplementing this with other mechanisms where it believes this is appropriate.

### Rates

- a. The Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years to smooth the cost to users and ratepayers.
- 57. Our final consideration of funding by rates comes:
  - a. After considering how other funding sources will be used to fund operating and capital costs.
  - b. how rates have been applied to activities in the Funding Needs Analysis; and/or
  - c. After being adjusted for the overall impact of allocation of liability.
- 58. The following section outlines the Revenue and Financing Policy requirements that are used to set rates. To have a full understanding of rates they should be read with regards to the analysis above and in conjunction with the Rating Policy, Funding Impact Statement and Rates Resolution.

### General rates

- 59. The Council sets a general rate is assessed on all rateable properties (rating units) based on the capital value of the property. A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part (SUIP) of all rating units.
- 60. The Council has determined in its Funding Needs Analysis which activities should be funded from general rates (see Table 1).
- 61. The Council has chosen to differentiate the General Rate into four rating categories, applying 6 rating differentials, based on the use to which the land is put. In respect of residential land, Council observes the provisions of s101(3)(b) of the LGA and the overall impact of the allocation of liability for revenue needs on the community. In doing so it has determined that the application of 3 rating differentials to land categorised as residential for rating purposes is appropriate. The General Rate will be assessed on capital value of the land. The factors to be applied to all differentials and the thresholds for the residential differentials will be determined in the Funding Impact Statement
  - a. Residential will be
    - i. Residential A
    - ii. Residential B
    - iii. Residential C
  - b. Commercial.
  - c. Rural.
  - d. Forestry.
- 62. The Council primarily uses valuation data (specified in the Rating Valuations Rules) to determine the allocation of rating units to differential rating categories. The full definitions can be found in the Rating Policy and the Funding Impact Statement and may change during the term of the Long-term Plan.
- 63. In setting the differential categories, and the differential factors, the Council considered the requirements of the LGA and other considerations, including:
  - a. The activities funded by the general rate and the s101(3) considerations for the activities.
  - b. The impact of any change, or rate of change to the differential.
  - c. The views of those impacted by the differentials.
  - d. Other reasonable options, and the advantages and disadvantages of those options.
  - e. The overall impact of the differential on all ratepayers.

64. The UAGC is part of the general rates and is a fixed amount each year. The Council can set the UAGC based on an allocation of the cost of specific activities or at an amount the Council considers is appropriate. In past years, the Council has preferred to base the UAGC on the allocation basis. From 2021 the Council will set the UAGC at a level it considers appropriate.
65. The Council recognises the regressive nature of fixed rates. Rates affordability is a matter the Council considers when setting the UAGC. Council's remissions policies provide for some adjustment to UAGCs for properties where appropriate. During the term of this Long-term Plan the Council may adjust the UAGC as part of its rate setting process in order to improve community wellbeing for current and/or future communities.
66. If the cost allocation from activities (as described in the Rating Policy) is amended, or an adjustment is made to the UAGC to improve community wellbeing, the amount removed from the UAGC will remain part of general rates.

#### Targeted rates

67. Targeted rates are finalised when adopting the Funding Impact Statement in the Long-Term Plan or an Annual Plan. The Council may introduce new targeted rates, consistent with this policy, when setting rates in any year as documented in the respective year's Funding Impact Statement and Rates Resolution. The Council's requirement to consult is determined by s95A of the LGA.
68. The Council has chosen to have a small number of targeted rates and will provide transparency of how much a ratepayer's rates is contributing to activities by using better communication tools than the rates invoice. Information on targeted rates is listed in the Rating Policy, Rates Resolutions and Funding Impact Statement for each year.
69. The Council consulted on changes to targeted rates in its 2020 rates review, the outcomes of which are reflected in this and other relevant policies.

#### Preamble to Te Ture Whenua Māori Act 1993:

70. Council's main tools for ensuring it supports and promotes the retention of Māori land in the hands of its owners, their whānau and their hāpū and to facilitate the development and utilization of that land for the benefit of the same are within its suite of rating and remission tools, particularly as they relate to Māori freehold land in multiple ownership, papa kainga, and whenua rahui.
71. This is furthered by ensuring that its Rating Information Database contains land classification and valuation information complies with the Local Government (Rating of Whenua Māori) Amendment Bill.

#### References

- The Funding Needs Analysis, required by section 101(3) of the LGA, provides the background and analysis to explain the funding decisions we have made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.
- The Investment and Liability Management Policies place restrictions on the use of the proceeds from asset sales.
- The Rating Policy further clarifies funding requirements by documenting matters not included in this Revenue and Financing Policy. It includes definitions and, when applicable, maps for rating areas.
- The Funding Impact Statement is included in each Long-term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10. This statement shows the results of the detailed rates calculation for each year.

Together the above documents form the necessary components to lawfully charge under the LGA for our revenue requirements. We must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002



for the setting of rates.

## Funding Needs Analysis

This policy does not form part of the Revenue and Financing Policy, it is a separate document that records the detailed application of s101(3). The Revenue and Financing Policy describes how the Council has complied with s101(3). A change in this document does not in itself change the Revenue and Financing Policy.

### Purpose and scope

1. The Funding Needs Analysis (FNA) provides the background and analysis to explain the funding decisions made by the Council.
2. To comply with section 101(3),<sup>1</sup> the Council must determine the appropriate sources of funding<sup>2</sup> for each activity. In determining this, they must take into consideration under s 101(3)(a):
  - 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.*
  - e. *The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities."*
3. The legislation places no more or less weight or priority on any one of the factors listed in section 101(3)(a).
4. Having completed the above analysis, the Council must then consider under section 101(3)(b): *"The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community."*
5. The following sections document the matters and approaches the Council has taken to determine the funding needs of an activity and how that translates into the Council's decision on the appropriate funding sources to be used.

### Previous reviews

6. The FNA was last reviewed in 2018, and Council retained its existing Revenue and Financing Policy included in the 2018-28 Long-term Plan (LTP).
7. The Council undertook a review and rewrite in 2020. Changes have been made reflecting the considerations of the Council as they considered the funding of activities in developing the 2021-31 LTP.

### Funding sources for operating costs

8. Operating costs are the everyday spending that maintains the services delivered by the Council. This includes corporate overheads, funded wear and tear on assets (depreciation) and interest costs of borrowing for capital projects.
9. The Council must consider the funding for each activity in a way that relates exclusively to that activity. Some activities may be best funded by user charges such as swimming pool entry fees, others with targeted rates and others from a general rate. Distinct funding may assist ratepayers or payers of user charges to assess more readily whether the cost of the service provided to them either directly or indirectly represents good value. They can also more easily determine

<sup>1</sup> All references to legislation are to the Local Government Act 2002 (LGA), unless otherwise stated.

<sup>2</sup> The funding sources are listed in section 103 LGA and the Council's preference for using funding sources is described in the Revenue and Financing Policy. how much money is being raised for the service and spent on the service.

10. The funding sources for operating and capital costs are:
- a. Fees and charges.

b. Grants and subsidies and fuel taxes.

c. Other income.

d. Investment income.

e. Financial contributions

f. Development contributions

g. Lump sum payments

h. Reserve funds.

i. Borrowing

j. Proceeds from the sale of assets

k. Rates
  - General rate
  - Targeted rates.
11. Each funding source and how the Council prefers to use that funding source for operating expenses is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Table 1: Matters the Council considers in applying the legislation for operating expenses

Section 101(3)(a) - Step 1 reference	Matters Council might consider
<b>Community outcomes - s.101(3)(a)(i)</b>	<p>The Council determines which of its community outcomes an activity primarily contributes to.</p> <p>Council will consider how their funding choices will support the achievement of the community outcomes.</p>
<b>Distribution benefits - s.101(3)(a)(ii)</b>	<p>The distribution of benefits is given consideration by the Council. Determining benefit is inherently subjective.</p> <p>Where the Council considers there is a clearly identified direct relationship between users and the services provided then the Council will consider fees and charges or targeted rates.</p> <p>Where the Council considers the services provide a benefit to the community as a whole; is of a uniform nature; or where the Council is not able to identify a direct relationship between users and the service the Council will consider using general rates.</p>
<b>Period of benefit - s.101(3)(a)(iii)</b>	<p>For most operational expenses the benefit is received in the year the expense is incurred.</p> <p>For most activities depreciation (an operating expense) is cash funded from revenue sources and this is placed into reserve funds for the future renewal of assets.</p> <p>Some operational expenses (provisions) may have a benefit over multiple years and so the Council may choose to fund the activity over that period.</p>

<b>Who creates the need - s.101(3)(a)(iv)</b>	<p>Some services are provided because the actions or inactions of individuals or groups create the need to undertake the activity.</p> <p>The Council may choose to target these people or organisations through fines, charges or rates.</p>
<b>Separate funding - s.101(3)(a)(v)</b>	<p>The Council must consider the practicalities of separate funding along with transparency and accountability.</p> <p>In some cases, while it may be desirable to charge individuals there may be no practical way of doing so.</p> <p>For all activities the Council is able to easily identify what proportion of operational expenses is recovered from each funding sources. In the case of rates the Council is able to inform individual ratepayers of their rates contribution to each activity using communication tools.</p>

12. Analysis for operating costs by activity is described in Schedule 1.

### Funding sources for capital costs

13. Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs include:
- Fees and charges.
  - Grants and subsidies and fuel taxes.
  - Other income.
  - Investment income.
  - Financial contributions
  - Development contributions
  - Lump sum payments
  - Reserve funds.
  - Borrowing
  - Proceeds from the sale of assets
  - Rates
    - General rate
    - Targeted rates.
14. Each funding source and how the Council prefers to use that funding source for capital expenditure is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

### Analysis for capital costs by activity

15. Capital costs would be funded on the same principles as the operating costs funding policy, subject to the nature and purpose of the expenditure, unless the Council resolves otherwise. Such a resolution will follow the funding guidelines and in doing so would be consistent with this policy and would not require amendment to the policy. Planned projects will be funded according to the Annual Plan, Long-term Plan or other resolution at the time of the Council approving the project. It is not always practicable to determine a funding policy for an unknown future project in advance.
16. The Council uses the following guidelines when considering the funding of capital projects:
- A Funding Needs Analysis will be completed ( see paragraph 18).
  - All projects are first funded from grants, subsidy or other income where available.
  - Renewal projects that maintain the same service level are then funded from reserve funds set aside

- for that purpose.
- d. Reserve funds for other purposes that are not restricted are considered.
  - e. Lump sum and other rating options are considered.
  - f. Projects that have exhausted previous funding sources or are for new or increased service levels or for growth in non-network infrastructure are then funded from debt.
17. A single project may have a mix of each of these funding options.
  18. It is not practical to create separate funding policies for each and every capital project. The Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity.
  19. Whenever funding a capital project, the Council will consider the available sources of funds, the Revenue and Financing Policy, section 101(3) in applying the above guidelines to a capital project. Generally, the Council will resolve the funding policy at the time the project is proposed in an Annual or Long-term Plan. In undertaking this assessment, it shall have regard to the matters in table two.

Table 2: Matters the Council considers in applying the legislation for capital expenses

Headings -s.101 reference	Matters Council might consider
<b>Community outcomes - s.101(3)(a)(i)</b>	<p>The Council determines which of its community outcomes the capital project or activity contributes to.</p> <p>Council will consider how their funding choices will support the achievement of the community outcomes.</p>
<b>Distribution benefits - s.101(3)(a)(ii)</b>	<p>The distribution of benefits is expected to be the same as that for the operating costs of the activity in which it is funded unless the Council resolves otherwise. Determining benefit is inherently subjective.</p> <p>The Council may choose to target those people or organisations who primarily benefit through financial and development contributions, lump sum options or targeted rates.</p>
<b>Period of benefit- s.101(3)(a)(iii)</b>	<p>For most capital projects the benefit is received over the life of the asset. The Council will have regard to the equitable distribution of costs to each generation for the construction and renewal of the asset. For example, this may result in the Council not funding asset renewal while still funding debt.</p>
<b>Who creates the need- s.101(3)(a)(iv)</b>	<p>Some services are provided because the actions or inactions of individuals or groups create the need to undertake the activity.</p> <p>The Council may choose to target these people or organisations through financial contributions or targeted rates.</p>
<b>Separate funding- s.101(3)(a)(v)</b>	<p>The Council must consider the practicalities of separate funding along with transparency and accountability.</p> <p>In some cases, while it may be desirable to charge individuals there may be no practical way of doing so.</p>



For many smaller capital projects, it is not practical to have a separate funding policy. Where the Council does not resolve otherwise a capital project will be funded consistently with the funding mechanism adopted for the operating costs in the activity in which it is funded, and the purpose of the project.

Funding bands

- 20. After considering the section 101(3)(a) components, the Council considers to what extent each of the funding sources can fund each activity. This guide is intended to be in place for the next three years before it is reviewed. As costs change over time, it is not possible to precisely determine the percentage allocated. For this reason, the Council has decided to band the percentages into the categories listed in table three.
- 21. The assessment in Schedule 1 identifies the most likely sources of funding an activity is budgeted to receive. In all cases , rates fund the balance of the activity after all other sources have been maximised. It is likely that from time to time the Council will be able to secure additional funding that may be become available.
- 22. Budgets will normally be set within these ranges. These ranges are expressed as a percentage of the cost of the activity and are indicative only. They may change over time because of changes in expenditure rather than changes in revenue. It is also likely that actual funding sources will be different from budgeted funding sources.

Table 3: Funding bands

Name	Percentage range
Unlikely	0%
Minimal	0% - 20%
Low	20% - 40%
Moderate	40% - 60%
High	60% - 80%
Most	80% -100%
All	100%

Funding sources and rationale

- 23. The ‘Rationale’ column of Schedule 1 identifies which of the funding sources the Council plans to use in budgeting to fund the operating costs of each activity. It is determined by the Council after consideration of each clause of section 101(3)(a).
- 24. The assessment of the funding sources is a complex matter of weighing up the requirements of section 101(3)(a) with the available sources and the Council’s preferences for using these sources. The Council has documented its rationale for choosing each the funding source in this Funding Needs Analysis and the Revenue and Financing Policy.
- 25. The funding source for an activity may be modified by the Council when it considers the requirements of section 101(3)(b). If this has occurred, it is considered as part of the overall funding considerations section in the Revenue and Financing Policy.

Schedule One: Activity Funding Needs Analysis – operating costs

Group Activity: Transport		Activity: Transport				Funding Sources by Funding Stream	
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale		
<p>This activity primarily contributes to Council's outcome:</p> <ul style="list-style-type: none"><li>Strong and prosperous economy</li></ul> <p>and is associated with Council's outcomes:</p> <ul style="list-style-type: none"><li>Safe, supported and well-led community</li></ul> <p>Our communities and business are connected to each other and to our markets by a safe efficient and integrated transport network.</p>	<p><b>Roading:</b> The roading network serves the whole district and everyone benefits.</p> <p>Roads are necessary to deliver export products to markets within Wairoa, New Zealand and the world. The district's economic prosperity is dependent on production from its rural catchment.</p> <p>Roads provide corridors for other utility providers such as power, communications, water and wastewater.</p> <p>Roads, street lighting, signage, and footpaths and parking are provided as a public good. Individuals and business benefit directly from access to property and facilities.</p> <p><b>Airport:</b> The provides quick access in and out of the region supporting business and emergency management.</p> <p>The availability of the airport serves the whole district, and everyone benefits.</p> <p>Individual uses receive a private benefit.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>There is an impact of the actions or inactions of others. Costs are driven by traffic volumes and size. Large vehicles, wear roads out more quickly than vehicles.</p> <p>The forestry industry places significant demand on the roading network for which Council incurs additional costs. The growth of the forestry industry is leading to greater roading damage.</p> <p>Airport users expect a consistent service level.</p>	<p>The whole community benefits from the roading network and airport, as such there is little advantage in having separate funding.</p> <p>The use of differential rating tools can easily adjust for sectors to make a varying contribution.</p> <p>There are few reasonably practicable options for charges in users directly for their use of or damage to the roads.</p> <p>Charging airport users for rents and landing fees is common and efficient.</p>	<p>Subsidies are primarily sourced from New Zealand Transport Agency (NZTA). Additional funding will be sourced whenever available (e.g., Provincial Growth Fund)</p> <p>Council also receives a small amount of regional petrol tax.</p> <p>Council maximises the amount of subsidy for the level of spending it approves.</p> <p>The whole district benefits from the roading network.</p> <p>The general rate allows for the differential allocation of benefit to sectors and adjustment of contribution for those whose actions cause additional costs and for advancing community outcomes.</p>	<p><b>Roading</b></p> <p><b>HIGH (60% - 80%)</b> Grants and subsidies.</p> <p><b>LOW (20% - 40%)</b> General rate</p> <p><b>UNLIKELY (0%)</b> All other funding sources.</p> <p><b>Airport</b></p> <p><b>HIGH (60% - 80%)</b> General rates</p> <p><b>MINIMAL (0% - 20%)</b> Fees and charges</p> <p><b>Other</b></p> <p><b>UNLIKELY (0%)</b> All other funding sources</p>	

Group Activity: Water					
Activity: Water					
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Safe, supported and well-led community</li> <li>• Strong and prosperous economy</li> <li>• Protected and healthy environment</li> <li>• Valued and cherished culture</li> </ul> <p>Access to safe water that is managed with cultural and environmental sensitivity is essential to community wellbeing.</p>	<p>The communities that are reticulated with a public water supply are the beneficiaries. With extended dry seasons there is greater demand on Council's network for tanker water to be supplied to non-reticulated properties.</p> <p>The entire community benefits through better health, kai moana, recreation and the environment outcomes and having protection in the case of fire.</p> <p>This community benefit can be recognised with a general rates component in the funding.</p> <p>All property owners/residents/tourists benefit from receiving water and protection from any fire risk.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.</p>	<p>The actions of most individuals or groups have a minor impact. There is considerable government intervention in the provision of safe, healthy, compliant drinking water.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p> <p>It also provides transparency on the cost of an essential service.</p>	<p>Those who (either directly or indirectly) benefit should pay.</p> <p>There are some water users where charging based on actual quantities is practical due to the location, size or the use of the property. Their share of costs is recovered by way of targeted water meter rates.</p> <p>The cost of the water supply and network is equalised across all non-metered connections within the district.</p> <p>A portion of the cost benefits the whole district and can be recovered in the general rate.</p>
					<p><b>Funding Sources by Funding Stream</b></p> <p><b>MOST (80 - 100%)</b> Targeted rates</p> <p><b>MINIMUM (0% - 20%)</b> General rates</p> <p><b>UNLIKELY</b> Interest and dividend</p> <p>All other funding sources.</p>

Group Activity: Wastewater					
Activity: Wastewater					
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>Safe, supported and well-led community</li> <li>Strong and prosperous economy</li> <li>Protected and healthy environment</li> <li>Valued and cherished culture</li> </ul> <p>Access to safe water that is managed with cultural and environmental sensitivity is essential to community wellbeing.</p>	<p>The collection, treatment, and disposal of wastewater are primarily a private benefit for people whose properties are connected to the schemes. Rural septic tank septage is transported to council wastewater treatment ponds.</p> <p>The protection of the environment is a benefit to the serviced communities.</p> <p>The entire community benefits through better health, kai moana, recreation and the environment outcomes.</p> <p>The benefits are expected to accrue primarily to individual users and businesses.</p> <p>There is a public health, environmental and recreational benefits are to whole district. This community benefit can be recognised with a general rates component in the funding.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.</p>	<p>A small number of heavy commercial producers have an adverse impact greater than most users.</p> <p>There is considerable government intervention in the provision of safe, healthy, compliant wastewater systems.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p> <p>It also provides transparency on the cost of an essential service.</p>	<p>In most cases it is not practicable to measure the quantity of each individual's contribution to the wastewater system.</p> <p>In the case of heavy commercial users of the waste system it is practical to measure the volume and quality of waste and charge appropriately for this.</p> <p>Those who (either directly or indirectly) connected targeted rate per pan is an efficient and simple way that approximates benefit of access and use of the services.</p> <p>Septage tankers are not paying the full cost of treatment recognising the wider community health benefits.</p> <p>A portion of the cost benefits the whole district and can be recovered in the general rate.</p>
					<p><b>Funding Sources by Funding Stream</b></p> <p><b>MOST (80% - 100%)</b> Targeted rates</p> <p><b>MINIMAL (0% -20%)</b> General rates Fees and charges Interest and dividends</p> <p><b>UNLIKELY</b> All other funding sources.</p>



Group Activity: Stormwater					
Activity: Stormwater					
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Safe, supported and well-led community</li> <li>• Strong and prosperous economy</li> <li>• Protected and healthy environment</li> <li>• Valued and cherished culture</li> </ul> <p>With forecast increase in heavy rain events collecting and managing stormwater protects houses, businesses and infrastructure. It must be managed with cultural and environmental sensitivity is essential to community wellbeing.</p>	<p>The collection, treatment and disposal of stormwater are primarily a community benefit in serviced communities.</p> <p>This benefit extends to the wider community as it includes protection of the environment and an accessible roading network.</p> <p>Some individual properties or groups of properties benefit from not being flooded.</p> <p>The benefits are expected to accrue:</p> <ul style="list-style-type: none"> <li>• To individual properties</li> <li>• The whole community</li> </ul>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.</p>	<p>The actions of individuals in increasing hard surfaces on properties increases stormwater volumes.</p> <p>There is considerable government intervention in the provision of safe, healthy, compliant wastewater systems.</p> <p>The Freshwater NPS will put more pressure on treating stormwater.</p>	<p>There is no practical way to charge individuals or groups for any direct benefit.</p> <p>Urban stormwater networks are funded from a mix of general and targeted rates reflecting the benefit to property owners in an urban area and the wider community benefit of stormwater managed on the road corridor.</p> <p>A portion of the cost benefits the whole district and can be recovered in the general rate.</p>	<p>There is no practical way to charge individuals or groups for any direct benefit.</p> <p>Urban stormwater networks are funded from a mix of general and targeted rates reflecting the benefit to property owners in an urban area and the wider community benefit of stormwater managed on the road corridor.</p> <p>A portion of the cost benefits the whole district and can be recovered in the general rate.</p>
					<p><b>Funding Sources by Funding Stream</b></p> <p><b>MOST (80% - 100%)</b> Targeted rates</p> <p><b>MINIMAL (0% - 20%)</b> General rates</p> <p><b>UNLIKELY</b> Interest and dividends</p> <p>All other funding sources.</p>

Group Activity: Waste Management					
Activity:	Waste				
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Safe, supported and well-led community</li> <li>• Strong and prosperous economy</li> <li>• Protected and healthy environment</li> <li>• Valued and cherished culture</li> </ul> <p>Managing waste assists houses and businesses. It must be managed with cultural and environmental sensitivity is essential to community wellbeing.</p>	<p>Individuals benefit directly from kerbside recycling and domestic refuse collection.</p> <p>The whole community benefits from waste minimisation and education as well as litter collection.</p> <p>The benefits are expected to accrue:</p> <ul style="list-style-type: none"> <li>• Primarily to individual users</li> <li>• Partly to the district as a whole</li> </ul>	<p>The benefit of most operating costs is expected to occur in the year the funding is sourced.</p>	<p>This activity is only required due to the act of creating waste.</p> <p>Those who create the waste are individuals and business.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.</p>	<p>The actions of individuals or groups (largely business) create the need to have this activity.</p> <p>Targeted rates appropriately recognise this benefit.</p> <p>The whole community benefits from litter collection of public places can be appropriately funded from general rates.</p> <p>The fees and charges at landfills and transfer stations (where Council provides the services), only partially funds the cost of disposal.</p> <p>Higher fees and charges encourage those who create the waste recognise the cost of their actions and encourage waste reduction.</p> <p>There is also a small benefit to the whole community of this activity with waste not dumped elsewhere</p>
					<p><b>Funding Sources by Funding Stream</b></p> <p><b>MODERATE (40% - 60%)</b> Targeted rates</p> <p><b>LOW (20% - 40%)</b> Fees and charges</p> <p><b>MINIMAL (0% - 20%)</b> General rates</p> <p><b>Other</b></p> <p><b>UNLIKELY</b> All other funding sources.</p>

Group Activity: Leadership and Governance						
Activity: Community Representation						
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale	Funding Sources by Funding Stream
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Safe, supported and well-led community</li> <li>• Strong and prosperous economy</li> <li>• Protected and healthy environment</li> <li>• Valued and cherished culture</li> </ul> <p>Local people making local decisions requires balancing the conflict needs of individuals for the overall benefit of the whole community</p>	<p>The activity supports the decision-making function of Council and therefore benefits the community as a whole.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individuals or groups have a minor impact on this activity.</p>	<p>Council considers that there is little benefit of separately funding this activity.</p>	<p>The benefits of this activity are available to the whole community; the majority of electors are ratepayers.</p>	<p><b>All (100%)</b> General rates <b>UNLIKELY</b> All other funding sources.</p>
Activity: Māori Relations						
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Valued and cherished culture</li> <li>• Safe, supported and well-led community</li> </ul> <p>and is associated with Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Strong and prosperous economy</li> <li>• Protected and healthy environment</li> </ul> <p>Māori are 66% of the community, having strong relations with Māori it is essential to community wellbeing.</p>	<p>The activity supports the decision-making function of Council and therefore benefits the community as a whole.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individuals or groups have a minor impact on this activity.</p>	<p>Council considers that there is little benefit of separately funding this activity.</p>	<p>The benefits of this activity are available to the whole community.</p>	<p><b>All (100%)</b> General rates <b>UNLIKELY</b> All other funding sources.</p>
Activity: Economic Development						
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Strong and prosperous economy</li> </ul> <p>and is associated with Council's outcomes:</p> <ul style="list-style-type: none"> <li>• Safe, supported and well-led community</li> <li>• Protected and healthy environment</li> <li>• Valued and cherished culture</li> </ul> <p>Jobs are essential to population growth and the wellbeing of all in the community.</p>	<p>The activity supports the district promotion, visitor information including the I-site.</p> <p>Increased economic activity creates jobs and supports everyone and therefore benefits the community as a whole.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individuals or groups have a minor impact on this activity.</p>	<p>Council considers that there is little benefit of separately funding this activity.</p>	<p>The benefits of this activity are available to the whole community.</p>	<p><b>MOST (80%-100%)</b> General rate <b>MINIMAL (0%-20%)</b> Grants and Subsidies <b>UNLIKELY</b> All other funding sources.</p>

Group Activity: Planning and Regulatory					
Activity: Resource Planning					
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>Protected and healthy environment</li> <li>Strong and prosperous economy and is associated with Council's outcomes:</li> <li>Safe, supported and well-led community</li> <li>Valued and cherished culture</li> </ul> <p>District planning and consenting is essential to protecting environmental and cultural outcomes supporting a prosperous economy.</p>	<p>Individuals that apply for consents and use the other services in this area are the predominant beneficiaries of this activity. Through their actions they directly drive the majority of the costs.</p> <p>These resource consent activities also provide benefit to persons other than the applicant such as future owners and occupiers of the land (a property-based benefit). There is also a person-based benefit in relation to the information that is supplied to the public through inquiries, for example providing support to potential applications or responding to service requests.</p> <p>Future residents benefit from the protection of our environment and our response to climate change.</p> <p>Resource Consent Compliance Monitoring and RMA Enforcement benefits the consent holder and the community.</p> <p>The benefits are expected to accrue:</p> <ul style="list-style-type: none"> <li>Primarily to individual users.</li> <li>Partly to the district as a whole in support of the community outcomes.</li> </ul>	<p>The principal benefit of operating costs is expected to arise in the year the funding is sourced.</p> <p>There is a secondary benefit to future sustainability.</p>	<p>The actions of individuals and groups drive the costs in this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>A user charge recognises the benefits to people who apply for resource consents.</p> <p>Although the primary benefit of a resource consent sits with the consent holder the community outcomes desires that we have a strong prosperous economy and so, Council wants to encourage a high level of consent compliance.</p> <p>For these reasons Council considers it appropriate to fund a portion of the costs of consents from ratepayers rather than consent applicants.</p> <p>As future ratepayers benefit from the development of a district plan, the funding for this is spread over future years with borrowing.</p>
					<p><b>Funding Sources by Funding Stream</b></p> <p><b>MODERATE (40%-60%)</b> Borrowing General rate</p> <p><b>MINIMAL (0%-20%)</b> Fees and Charges</p> <p><b>UNLIKELY</b> All other funding sources.</p>
Activity: Building Control					
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>Strong and prosperous economy and is associated with Council's outcomes:</li> <li>Safe, supported and well-led community</li> <li>Protected and healthy environment</li> <li>Valued and cherished culture</li> </ul> <p>Safe homes and buildings improve the wellbeing of all in the community.</p>	<p>Individuals that apply for consents, licenses and use other services in this area directly drive the majority of the costs.</p> <p>Services within this activity also provide for the safety of the public, and requirements earthquake prone buildings.</p> <p>Information is supplied to the public through inquiries, for example providing support to potential applications or responding to service requests.</p> <p>The benefits are expected to accrue:</p> <ul style="list-style-type: none"> <li>Primarily to individual users.</li> <li>Partly to the district as a whole.</li> </ul>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p> <p>There is a secondary benefit to future housing stock that is fit for purpose.</p>	<p>The actions of individuals and groups drive the costs in this activity.</p>	<p>The distinct beneficiaries for each component support multiple funding streams.</p>	<p>Fees and charges are favoured for the full cost of UMIs and PIMS.</p> <p>Although the primary benefit of a building consent sits with the consent holder the Council wants to encourage growth and improvement of existing housing and businesses.</p> <p>For these reasons Council considers it appropriate to fund a portion of the costs of consents from ratepayers rather than consent applicants.</p>
					<p><b>Funding Sources by Funding Stream</b></p> <p><b>MODERATE (40%-60%)</b> General rate</p> <p><b>MINIMAL (0%-20%)</b> Fees and charges</p> <p><b>UNLIKELY</b> All other funding sources.</p>



Activity: Bylaw Compliance					
This activity primarily contributes to Council's outcomes: <ul style="list-style-type: none"><li>Safe, supported and well-led community</li></ul> and is associated with Council's outcomes: <ul style="list-style-type: none"><li>Strong and prosperous economy</li><li>Protected and healthy environment</li><li>Valued and cherished culture</li></ul> The community must feel a safe place to live. This part of a people's rationale when choosing where to live. Growing communities then support a growing a strong and prosperous economy.	Dog and livestock control minimise danger, distress and nuisance caused by stray dogs and to ensure the control of stock on the roads of the district in the interests of public safety.  General Bylaw Enforcement: <ul style="list-style-type: none"><li>Supports public health and safety and the enjoyment of public spaces.</li><li>Enforces the rules for users of roads, water, wastewater and cemeteries and for the impacts of urban fires.</li></ul> The benefits are expected to accrue: <ul style="list-style-type: none"><li>Partly to individual users.</li><li>Partly to the district as a whole.</li></ul>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.  Particularly: <ul style="list-style-type: none"><li>owners of dogs who create the requirement to manage all dogs.</li><li>Owners of non-controlled dogs and livestock</li></ul> Those who breach bylaws	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	Fees and charges for Dog Control are largely collected in registration the owners of dogs in recognition that it is their action of owning a dog or then inaction of controlling a dog or stock that drives costs.  Fees and charges (including fines and other enforcement charges) are required for no compliance of all bylaws.  General rates recognise that a portion of these services benefit the whole community.
Activity: Liquor Control					
This activity primarily contributes to Council's outcomes: <ul style="list-style-type: none"><li>Safe, supported and well-led community</li><li>Strong and prosperous economy</li></ul> and is associated with Council's outcomes: <ul style="list-style-type: none"><li>Protected and healthy environment</li><li>Valued and cherished culture</li></ul> Liquor has positive and negative impacts on the community.	Liquor can only be sold with a license and the benefit of that license sits largely with the licensee.  The community benefits from appropriate liquor control by limiting the negative effects from alcohol harm while maximising positive benefits in social environments	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.  Particularly: <ul style="list-style-type: none"><li>Applicants for liquor and associated licences</li></ul> Those who breach the rules.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.  There is no mechanism for Council to charge those who create negative social outcomes.	Fees and charges for liquor licensing are set by Government and only recover part of the cost of the activity.  Managing good social behaviours and eliminating adverse events is in the interest of the community as whole.
Activity: Environmental Health					
This activity primarily contributes to Council's outcomes: <ul style="list-style-type: none"><li>Safe, supported and well-led community</li><li>Strong and prosperous economy</li><li>Protected and healthy environment</li></ul> and is associated with Council's outcomes: <ul style="list-style-type: none"><li>Valued and cherished culture</li></ul>	This activity promotes and improves human health, safety, comfort and wellbeing for all persons in the district and protects the environment from preventable harm.  This activity comprises noise control, food and registered premises, water supply monitoring, public nuisances and implementation of public health frameworks.  The main beneficiaries are business owners, consent holders, and the community as a whole.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.  Some activities are undertaken to protect others from the actions of others.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	Fees and charges are preferred where the actions of individuals or groups of individuals create negative effects on the community and where there is a direct benefit to the user of the service.  Council prefers a general rate for that portion of the budget that cannot be recovered from fees and charges due to these services contributing to the vibrancy of the district by making it safer.

The community must feel a safe place to live. This part of a people's rationale when choosing where to live . Growing communities then support a growing a strong and prosperous economy.

Group Activity: Community Facilities					
Activity:	Cemeteries				
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding	Rationale
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>Protected and healthy environment</li> <li>Valued and cherished culture</li> <li>Safe, supported and well-led community and is associated with Council's outcomes:</li> <li>Strong and prosperous economy</li> </ul> <p>Different cultures and circumstances contribute to different approaches to death. These are important social and cultural considerations in determining funding choices.</p>	<p>Cemeteries: Individual users, particularly families of the deceased.</p> <p>The community as a whole in the availability of well-maintained open space and as a repository of genealogical and other human interest or heritage information.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.</p>	<p>The actions of most individuals or groups have some impact on this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>Users of the services pay for their use of the facilities.</p> <p>There is no practicably way to charge for on-going maintenance that is therefore best funded from the general rate</p>
					<p><b>MOST (80%-100%)</b> General rate</p> <p><b>MINIMAL (0%-20%)</b> Fees and charges</p> <p><b>UNLIKELY</b> All other funding sources.</p>
Activity:	Parks and Reserves				
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>Protected and healthy environment</li> <li>Valued and cherished culture</li> <li>Safe, supported and well-led community and is associated with Council's outcomes:</li> <li>Strong and prosperous economy</li> </ul> <p>Access to parks and reserves provide benefits of being active as well as creating environments for enjoyment.</p>	<p>There is a public/whole of community benefit through the provision of formal and informal recreational opportunities that enhance and support community health and well-being.</p> <p>There is a private/individual benefit to the community and sporting groups who use Council recreational facilities.</p> <p>There is a small benefit for event organisers and sections of the business community from the commercial spend of participants associated with particular events.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.</p>	<p>The actions of most individuals or groups have some impact on this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>There is no practical way to collect revenues from some individual benefit across this activity.</p> <p>Local residents enjoy the benefits of landscape amenity in their locality.</p>
					<p><b>MOST (80%-100%)</b> General rate</p> <p><b>MINIMAL (0%-20%)</b> Other</p> <p><b>UNLIKELY</b> All other funding sources.</p>
Activity:	Community Support				
<p>This activity primarily contributes to Council's outcomes:</p> <ul style="list-style-type: none"> <li>Valued and cherished culture</li> <li>Safe, supported and well-led community and is associated with Council's outcomes:</li> <li>Protected and healthy environment</li> <li>Strong and prosperous economy</li> </ul>	<p>The whole community benefits from the support of events, encouragement of participation and community facilities.</p> <p>These benefits are widespread across the district</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p> <p>Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current</p>	<p>The actions of most individuals or groups have minor impact on this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.</p>	<p>The whole district benefits from the growth of community social and cultural wellbeing.</p> <p>External bodies will support the district to undertake this activity.</p>
					<p><b>MOST (80%-100%)</b> General rate</p> <p><b>MINIMAL (0%-20%)</b> Grants and subsidies</p> <p><b>UNLIKELY</b> All other funding sources.</p>

Community support and development builds communities through empowering them to evolve develop and grow.	year and probably in future years. This is managed through reserve funds.
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Group Activity: Corporate Functions				
Activity:	Property			
Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need?	Separate Funding
This activity primarily contributes to Council's outcomes: <ul style="list-style-type: none"> <li>Safe, supported and well-led community and is associated with Council's outcomes: <ul style="list-style-type: none"> <li>Valued and cherished culture</li> <li>Protected and healthy environment</li> <li>Strong and prosperous economy</li> </ul> </li> </ul> Community support and development builds communities through empowering them to evolve develop and grow.	The activity supports the Council operations by providing and maintaining operational properties. <ul style="list-style-type: none"> <li>External income is derived from rents and leases for private benefit.</li> </ul>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity. Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.
Funding Sources by Funding Stream				
<b>MODERATE (40%-60%)</b> General rate Fees and charges <b>MINIMAL (0%-20%)</b> Grants and subsidies. Other <b>UNLIKELY</b> All other funding sources.				
Rationale				
The benefits are available to individuals and groups is collected from rents and leases. The remainder of the benefit is to the whole community.				
Group Activity: Corporate Funds Management				
Activity:	Corporate Funds Management			
This activity primarily contributes to Council's outcomes: <ul style="list-style-type: none"> <li>Safe, supported and well-led community and is associated with Council's outcomes: <ul style="list-style-type: none"> <li>Valued and cherished culture</li> <li>Protected and Healthy environment</li> <li>Strong and prosperous economy</li> </ul> </li> </ul> Community support and development builds communities through empowering them to evolve develop and grow.	The activity supports the Council operations by effectively managing all investments. The whole community benefits from this.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.
Funding Sources by Funding Stream				
<b>MOST (80%-100%)</b> Interest and dividends <b>MINIMAL (0%-20%)</b> Regional Fuel Tax Fees and charges <b>UNLIKELY</b> All other funding sources.				
Rationale				
The benefit is to the whole community. The cost of this activity is allocated to all other activities				
Group Activity: Corporate Support Services				
Activity:	Corporate Support Services			
This activity primarily contributes to Council's outcomes: <ul style="list-style-type: none"> <li>Safe, supported and well-led community</li> </ul>	The whole community benefits from this.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of
Funding Sources by Funding Stream				
<b>ALL (100%)</b> Internal fees and charges				



and is associated with Council's outcomes: <ul style="list-style-type: none"><li>Valued and cherished culture</li><li>Protected and Healthy environment</li><li>Strong and prosperous economy</li></ul> Community support and development builds communities through empowering them to evolve develop and grow.	have a minor impact on this activity.	Council's costs on this activity.
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# SIGNIFICANCE AND ENGAGEMENT POLICY



**WAIROA**  
DISTRICT COUNCIL

Stored:	Hyperlink
Approved by:	Senior Leadership Team
Department:	
Policy Author:	
Date Approved:	
Next Review Date:	December 2023
Reviewed:	November 2020
Revision No:	3
Relevant:	
Legislation related policies:	Local Government Act 2002
Related forms:	

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## PURPOSE

This Policy lets both Council and the community identify the degree of significance attached to particular decisions, to understand when the community can expect to be engaged in Council's decision making processes, and know how this engagement is likely to take place.

This Policy exists to:

- inform you about what you can expect from Council regarding community engagement and the ways you can influence and participate in the decision-making of Council.
- provide Council with a tool that clearly guides the assessment of significance during decision-making and provides direction on the consideration of community views and the level of community engagement that might be desirable to enable Council to develop a clearer understanding of community views and preferences on an issue or proposal.

## OVERVIEW

Decisions made by the Wairoa District Council affect the residents and ratepayers of Wairoa. We are committed to building and maintaining positive relationships with stakeholders and our community so that decisions are well informed. Wherever practical, we will engage with individuals, organisations and groups in our community in ways that give them the best opportunity to have their say.

This Significance and Engagement Policy (Policy) meets the requirements of the Local Government Act 2002 (LGA 2002).

The objectives of this Policy are:

1. To establish a general approach and process for identifying the significance of Council decisions;
2. To set out when and how Council will engage with the community in decision-making, depending on the significance of the decision.

The LGA 2002 states that one role of a Council is to enable democratic local decision-making and action by, and on behalf of, communities. This Policy explains how Council will decide the level of significance that a matter has, the types of matters where the community will be involved in the decision-making process, and when the community can expect Council to make a decision on its behalf.

There are many informal ways that Council engages with the community during its everyday business which helps to inform it on community views. There are also decisions that a Council must make which require a more structured form of engagement. This is because of the importance that a matter has within the wider community, or for groups within the community.

The first part of this Policy sets out how Council will decide whether or not a matter is "significant". The second part of this Policy sets out when and how the community's views will be heard on these significant, and other, matters.

POLICY STATEMENT

SIGNIFICANCE

Local authorities must make decisions about a wide range of matters and most will have a degree of significance, but not all issues will be considered “significant”. An assessment of the degree of significance of proposals and decisions, and the appropriate level of engagement, will therefore be considered in the early stages of a proposal before decision making occurs.

Council has identified criteria to assess the degree of significance. The significance of an issue, proposal or decision lies somewhere on a continuum from low to high. Where the significance of a proposal or decision is unclear against one criterion, then Council will treat that criterion as being more, rather than less, significant. If any of the criteria are met, the proposal or decision may be ‘significant’. However, the criteria should be considered collectively to get to this point.

CRITERIA FOR SIGNIFICANCE

Significance means the importance of an issue, proposal, decision, or matter, as assessed by Council. Council will take into account the following matters when assessing the degree of significance of proposals and decisions, and the appropriate level of engagement:

- The likely impact/consequences of the issue, proposal, decision or other matter, on the district.
- Whether the asset is a strategic asset as listed in appendix two two of this Policy.
- The impact on levels of service provided by Council or the way in which services are delivered.
- The degree of impact on Council’s debt or the level of rates it charges.
- The financial and non-financial costs and implications of the issue, proposal, decision or other matter having regard to Council’s capacity to perform its role.
- Whether the decision is reversible and the likely impact on future generations.
- The impact on the community, how many people are affected and by how much.
- Whether the decision or action flows from, or promotes, a decision or action that has already been taken by Council or furthers a community outcome, policy or strategy.
- Is there a history or reasonable expectation of the issue generating wide public interest within the district.
- [The views of and anticipated impact on Māori](#)
- The likely impact/consequences of the issue, proposal, decision or other matter, on youth, elderly and [other priority groups](#)

It may be that only one of the criteria applies, but to such a high degree that the decision will be considered “significant”. Conversely, several criteria may be applicable, but to only a low degree, and therefore will be considered to have a lower level of significance. Each decision will involve staff making an assessment for consideration by elected members. Appendix one of this Policy sets out how the criteria will be used to assess significance.

DETERMINING SIGNIFICANCE

In the first instance, staff will be responsible for assessing the significance of a potential decision, in accordance with legislation and this Policy. Reports to Council and its Committees will include the staff assessment of the significance of the proposals and any options or recommended decisions.

## ENGAGEMENT

Any community engagement will be undertaken in proportion to the level of significance of the matter being considered. When any engagement takes place, Council will provide information and:

- Seek to hear from everyone affected by a decision.
- Ask for views early in the decision-making process so that there is enough time for you to give us feedback, and for your views to be considered properly.
- Listen and consider views in an open and honest way.
- Respect everyone's point of view.
- Provide information that is clear and easy to understand.
- Consider different ways in which the community can share views with us.
- Ensure that the engagement process is efficient and cost effective.

## PRINCIPLES OF ENGAGEMENT

Council will take a principle-based approach to our community engagement activities.

- Genuine: We will listen to the views provided by the community with an open mind and will give due consideration to them when making decisions.
- Timeliness: We will engage with the community as early as appropriate and ensure that engagement processes are an integral part of project planning. We will allow enough time for participants to contribute and for them to be able to raise unexpected issues.
- Purposeful: We will be clear about the purpose of engagement and the ability and scope of the engagement to influence decisions.
- Inclusive and accessible: We will engage in a way which encourages participation of all who are likely to be affected by, or are interested in, a decision.
- Recognise diversity: We will use engagement methods which are appropriate to the issue and those we are seeking to engage, having regard to their culture, age, ability and time availability.
- Informed: We will ensure information relating to the engagement is readily available so that participants can make informed contributions.
- Responsive: We will record, consider and respond to participants' contributions, and provide information to the community on how their feedback influenced the decision-making.
- Engagement with Māori: We will acknowledge the unique perspectives of Māori in our community.
- Cost-effective: We will engage in a cost-effective manner, and resource engagement in proportion to the significance of the decision. We will ensure the least possible cost to all involved in the engagement (including the costs to the communities/affected parties).

The ways engagement can take place are varied and will be in proportion to the significance of the matter being considered.

## STATUTORY COMPLIANCE

The LGA 2002 and other legislation require Council to consult with the community in a range of circumstances. The LGA 2002 has also sets out principles to guide all consultation and prescribes specific consultative procedures, which must be followed in certain circumstances. At a minimum, Council will adhere to all legislative requirements.

## SPECIAL CONSULTATIVE PROCEDURE

There are situations where the Special Consultative Procedure must be used under the LGA 2002:

- Adoption or amendments to the Long-Term Plan
- Adoption or amendment to a significant bylaw
- Transfer of ownership of a significant strategic asset
- Changes to financial policies.

There are also statutes which require the special consultative procedure to be followed in specified situations including:

- Resource Management Act 1991
- Local Government (Rating) Act 2002
- Building Act 2004
- Sale and Supply of Alcohol Act 2012
- Psychoactive Substances Act 2013
- Dog Control Act 1996
- Waste Minimisation Act 2008
- Freedom Camping Act 2011
- Land Transport Management Act 2003
- Energy Companies Act 1992

It is important to note that formal consultation using a special consultative procedure is a structured process outlined in legislation and supported by case-law. In other engagement processes, however, there are no explicit statutory or legal rules constraining or defining community engagement processes. The LGA 2002 has given local authorities the ability to determine this as appropriate for their communities.

## SIGNIFICANT PROPOSALS OR DECISIONS

Council will determine the nature and form of the engagement in accordance with the significance of the particular decision. In general, the greater the significance of the decision, the more we will do to engage the community. A 'significant' decision does not automatically require the special consultative procedure.

## ENGAGEMENT WITH MĀORI

Council will honour all engagement processes, agreements and memorandums of understanding developed with Māori as they relate to its decision-making policies. It will also take into account its obligations as outlined under the Resource Management and Local Government Acts.

Te Tiriti o Waitangi/the Treaty of Waitangi is the founding document of New Zealand. Council accepts the great importance of this living, dynamic document, and is committed to upholding the spirit of Te Tiriti o Waitangi/the Treaty of Waitangi principles

- Principle of Tino Rangatiratanga – Self-management  
The rights of Māori to exercise full authority and control over their lands, resources and taonga.
- Principle of Kawanatanga – Governance  
The authority to make laws for the good order and security of the country subject to the duty imposed (on the Crown) to Māori under the Treaty.
- Principle of Whakawhanaungatanga – Partnership  
A partnership between Māori and the Crown which requires the parties to act reasonably and with the utmost good faith in accordance with the Treaty of Waitangi.
- Principle of Oritetanga – Equality and privileges of citizenship



The right of tangata whenua as individual citizens to receive, as a minimum, fair and equal access to the resources and benefits provided by the Crown.

- Principle of Kaitiakitanga – Stewardship  
The responsibility of Māori to undertake their duty of custodianship, stewardship and guardianship over their lands, resources and taonga.
- Principle of Whakatika i te mea he – Duty to remedy past breaches  
The duty of the Crown to remedy past breaches of the Treaty and to prevent further breaches.
- Principle of Tuatiaki ngangahau – Active protection of taonga and Māori interests  
The duty to ensure the active protection of taonga for as long as Māori wish it to apply.
- Principle of He here kia mōhio – Duty to be informed  
The duty of the Crown to make informed decisions through consultation with Māori.

More information on Council's processes that provide tangata whenua contribution to Council's decision making can be found in our Māori Policy.

## ENGAGEMENT ON OTHER MATTERS

Outside of matters where it remains mandatory for a special consultative procedure to be undertaken, Council will determine the appropriate level of engagement on a case by case basis.

Council may decide that it will use a special consultative procedure if the matter is of high significance, or it may choose another form of appropriate consultation. In instances where significance is judged to be moderate, engagement with the community could involve consulting through an advisory committee or focus group, public meetings, or surveys.

When Council decides that a matter is of low to moderate significance, or in instances where it is considered that the views of the community are already known, it may make a decision on behalf of the community and then inform the community of the outcome. This may be, for instance, through publication on the Council website, in the local media, or other appropriate means.

## REASONS NOT TO ENGAGE

Council acknowledges there are times when it is not necessary, appropriate or possible to engage the community on a proposal or decision. This will be decided in accordance with the criteria below:

1. The proposal or decision is not of a nature or significance that requires engagement.
2. Council already has a sound understanding of the views and preferences of the people likely to be affected by, or interested in, the proposal or decision.
3. There is a need for confidentiality or commercial sensitivity.
4. The costs of engagement outweigh the benefits of it.
5. The proposal or decision has already been addressed by Council's strategies, policies or plans, which have previously been consulted on.
6. An immediate or quick response or decision is needed or it is not reasonably practicable to engage.

Whenever Council does not formally engage, community views will still be considered before a decision is made and as much information will be provided to the public as possible.

## ENGAGEMENT ACTIVITIES

Council will decide which engagement activities or processes to use based on the individuals, communities and sectors that are affected by, or interested in the proposal; and the extent of that interest/impact. In the first instance, staff will be responsible for assessing the appropriateness of engagement activities for each proposal or decision at the project planning stage.

There may be times where Council activities are affected by events at a regional, national, or global scale – such as extreme weather, or a pandemic. In these instances, Council may delay activities to ensure an appropriate level of engagement. Council may also implement alternative forms of engagement in order to overcome barriers these events have created to engagement. These will be considered on a case by case basis.

## INFORMATION REQUIREMENTS

Council will ensure that, when conducting any engagement or consultation process in relation to a significant decision, it provides:

- Clear information on what is being proposed and why it is being proposed
- Sufficient information on which to provide meaningful feedback
- The advantages and disadvantages of each option being considered
- What impacts, if any, will occur if the proposal goes ahead
- How the community can provide its views
- The timeframe for completing the community engagement or consultation
- How submitters and participants can learn about the outcome.

DEFINITIONS

Community	A group of people living in the same place or having a particular characteristic in common. Includes interested parties, affected people and key stakeholders.
Decisions	Refers to all the decisions made by or on behalf of Council including those made by officers under delegation. (Management decisions made by officers under delegation during the implementation of <del>council</del> Council decisions will not be deemed to be significant).
Engagement	Is a term used to describe the process of seeking information from the community to inform and assist decision making. There is a continuum of community involvement.
Significance	As defined in Section 5 of the LGA 2002 <i>in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for:</i> <i>The district or region</i> <i>Any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter</i> <i>The capacity of the local authority to perform its role, and the financial and other costs of doing so.</i>
Strategic Asset	As defined in Section 5 of the LGA 2002 <i>in relation to the assets held by the local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority’s capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes</i> <i>Any asset or group of assets listed in accordance with Section 90(2) by the local authority; and</i> <i>Any land or building owned by the local authority and required to maintain the local authority’s capacity to provide affordable housing as part of its social policy; and</i> <i>Any equity securities held by the local authority in</i> <i>A port company within the meaning of the Port Companies Act 1988</i> <i>An airport company within the meaning of the Airport Authorities Act 1966</i>

RAISING A CONCERN

Concerns with the engagement process should be raised with the Wairoa District Council Governance team ([governance@wairoadc.govt.nz](mailto:governance@wairoadc.govt.nz))

**APPENDIX 1: ASSESSING SIGNIFICANCE AGAINST CRITERIA**

CRITERIA	HIGHER SIGNIFICANCE	LESSER SIGNIFICANCE
Change in levels, or delivery, of service provided by Council.	There is a major and/or long term change to services.	There is a medium to low level of change to services.
Level of financial impact.	There is a major and long term financial impact.	There is a medium to low level of impact.
Impact on the community.	The decision would have a major impact on sections or all of the community.	The impact on the community is medium to low.
Decision involves a “strategic asset” as listed in this Policy.	The decision involves the sale or transfer of more than 20% of a strategic asset.	The decision does not impact on Council’s ownership of the asset.
Impact on Council debt or level of rates.	The impact is major and/or long term on either debt levels or rates.	The impact is of a medium to low level.
Reversibility of decision.	The decision is irreversible and would impact negatively on future generations to a high degree.	The decision is not irreversible, or if it were, the impact on future generations would not be high.
Building on previous decisions.	The matter is considered to be significant by other criteria, and has not been previously consulted with the community.	The decision or action is consequential to, or promotes, a decision or action already taken by Council or the views of the community on this matter are already known.
Historic interest.	There is a history of the matter generating wide and intense public interest and a reasonable expectation that this will again be so.	There is no history of the matter generating widespread interest.
The likely impact/consequences of the issue, proposal, decision or other matter, on youth, elderly and Māori.	The decision would have a major impact on youth, elderly and Māori.	The impact on youth, elderly and Māori is medium to low.



## APPENDIX 2: LIST OF STRATEGIC ASSETS

The LGA 2002 definition of a strategic asset is outlined in Section 5.

The list of assets outlined below are considered to be “strategic assets”, however not all decisions made regarding them will be significant. For example, the road network is strategic but the purchase or sale of small land parcels that make up the network may not amount to a significant decision.

- Water supply catchments and supply network as a whole.
- Wastewater network as a whole.
- Stormwater and flood protection network as a whole.
- Land transport network as a whole.
- Waste management facilities as a whole.
- Cemeteries.
- Ownership of community facilities as a whole.
- Ownership of Quality Roading and Services (Wairoa) Ltd (QRS).

# SIGNIFICANCE AND ENGAGEMENT POLICY



**WAIROA**  
DISTRICT COUNCIL

Stored:	Hyperlink
Approved by:	Senior Leadership Team
Department:	
Policy Author:	
Date Approved:	
Next Review Date:	December 2023
Reviewed:	November 2020
Revision No:	3
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## PURPOSE

This Policy lets both Council and the community identify the degree of significance attached to particular decisions, to understand when the community can expect to be engaged in Council's decision making processes, and know how this engagement is likely to take place.

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- inform you about what you can expect from Council regarding community engagement and the ways you can influence and participate in the decision-making of Council.
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The LGA 2002 states that one role of a Council is to enable democratic local decision-making and action by, and on behalf of, communities. This Policy explains how Council will decide the level of significance that a matter has, the types of matters where the community will be involved in the decision-making process, and when the community can expect Council to make a decision on its behalf.

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## POLICY STATEMENT

### SIGNIFICANCE

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- The degree of impact on Council's debt or the level of rates it charges.
- The financial and non-financial costs and implications of the issue, proposal, decision or other matter having regard to Council's capacity to perform its role.
- Whether the decision is reversible and the likely impact on future generations.
- The impact on the community, how many people are affected and by how much.
- Whether the decision or action flows from, or promotes, a decision or action that has already been taken by Council or furthers a community outcome, policy or strategy.
- Is there a history or reasonable expectation of the issue generating wide public interest within the district.
- The views of and anticipated impact on Māori
- The likely impact/consequences of the issue, proposal, decision or other matter, on youth, elderly and other priority groups

It may be that only one of the criteria applies, but to such a high degree that the decision will be considered “significant”. Conversely, several criteria may be applicable, but to only a low degree, and therefore will be considered to have a lower level of significance. Each decision will involve staff making an assessment for consideration by elected members. Appendix one of this Policy sets out how the criteria will be used to assess significance.

### DETERMINING SIGNIFICANCE

In the first instance, staff will be responsible for assessing the significance of a potential decision, in accordance with legislation and this Policy. Reports to Council and its Committees will include the staff assessment of the significance of the proposals and any options or recommended decisions.

## ENGAGEMENT

Any community engagement will be undertaken in proportion to the level of significance of the matter being considered. When any engagement takes place, Council will provide information and:

- Seek to hear from everyone affected by a decision.
- Ask for views early in the decision-making process so that there is enough time for you to give us feedback, and for your views to be considered properly.
- Listen and consider views in an open and honest way.
- Respect everyone's point of view.
- Provide information that is clear and easy to understand.
- Consider different ways in which the community can share views with us.
- Ensure that the engagement process is efficient and cost effective.

## PRINCIPLES OF ENGAGEMENT

Council will take a principle-based approach to our community engagement activities.

- **Genuine:** We will listen to the views provided by the community with an open mind and will give due consideration to them when making decisions.
- **Timeliness:** We will engage with the community as early as appropriate and ensure that engagement processes are an integral part of project planning. We will allow enough time for participants to contribute and for them to be able to raise unexpected issues.
- **Purposeful:** We will be clear about the purpose of engagement and the ability and scope of the engagement to influence decisions.
- **Inclusive and accessible:** We will engage in a way which encourages participation of all who are likely to be affected by, or are interested in, a decision.
- **Recognise diversity:** We will use engagement methods which are appropriate to the issue and those we are seeking to engage, having regard to their culture, age, ability and time availability.
- **Informed:** We will ensure information relating to the engagement is readily available so that participants can make informed contributions.
- **Responsive:** We will record, consider and respond to participants' contributions, and provide information to the community on how their feedback influenced the decision-making.
- **Engagement with Māori:** We will acknowledge the unique perspectives of Māori in our community.
- **Cost-effective:** We will engage in a cost-effective manner, and resource engagement in proportion to the significance of the decision. We will ensure the least possible cost to all involved in the engagement (including the costs to the communities/affected parties).

The ways engagement can take place are varied and will be in proportion to the significance of the matter being considered.

## STATUTORY COMPLIANCE

The LGA 2002 and other legislation require Council to consult with the community in a range of circumstances. The LGA 2002 also sets out principles to guide all consultation and prescribes specific consultative procedures, which must be followed in certain circumstances. At a minimum, Council will adhere to all legislative requirements.

## SPECIAL CONSULTATIVE PROCEDURE

There are situations where the Special Consultative Procedure must be used under the LGA 2002:

- Adoption or amendments to the Long-Term Plan
- Adoption or amendment to a significant bylaw
- Transfer of ownership of a significant strategic asset
- Changes to financial policies.

There are also statutes which require the special consultative procedure to be followed in specified situations including:

- Resource Management Act 1991
- Local Government (Rating) Act 2002
- Building Act 2004
- Sale and Supply of Alcohol Act 2012
- Psychoactive Substances Act 2013
- Dog Control Act 1996
- Waste Minimisation Act 2008
- Freedom Camping Act 2011
- Land Transport Management Act 2003
- Energy Companies Act 1992

It is important to note that formal consultation using a special consultative procedure is a structured process outlined in legislation and supported by case-law. In other engagement processes, however, there are no explicit statutory or legal rules constraining or defining community engagement processes. The LGA 2002 has given local authorities the ability to determine this as appropriate for their communities.

## SIGNIFICANT PROPOSALS OR DECISIONS

Council will determine the nature and form of the engagement in accordance with the significance of the particular decision. In general, the greater the significance of the decision, the more we will do to engage the community. A 'significant' decision does not automatically require the special consultative procedure.

## ENGAGEMENT WITH MĀORI

Council will honour all engagement processes, agreements and memorandums of understanding developed with Māori as they relate to its decision-making policies. It will also take into account its obligations as outlined under the Resource Management and Local Government Acts.

Te Tiriti o Waitangi/the Treaty of Waitangi is the founding document of New Zealand. Council accepts the great importance of this living, dynamic document, and is committed to upholding the spirit of Te Tiriti o Waitangi/the Treaty of Waitangi principles

- Principle of Tino Rangatiratanga – Self-management  
The rights of Māori to exercise full authority and control over their lands, resources and taonga.
- Principle of Kawanatanga – Governance  
The authority to make laws for the good order and security of the country subject to the duty imposed (on the Crown) to Māori under the Treaty.
- Principle of Whakawhanaungatanga – Partnership  
A partnership between Māori and the Crown which requires the parties to act reasonably and with the utmost good faith in accordance with the Treaty of Waitangi.
- Principle of Oritetanga – Equality and privileges of citizenship



The right of tangata whenua as individual citizens to receive, as a minimum, fair and equal access to the resources and benefits provided by the Crown.

- Principle of Kaitiakitanga – Stewardship  
The responsibility of Māori to undertake their duty of custodianship, stewardship and guardianship over their lands, resources and taonga.
- Principle of Whakatika i te mea he – Duty to remedy past breaches  
The duty of the Crown to remedy past breaches of the Treaty and to prevent further breaches.
- Principle of Tuatiaki ngangahau – Active protection of taonga and Māori interests  
The duty to ensure the active protection of taonga for as long as Māori wish it to apply.
- Principle of He here kia mōhio – Duty to be informed  
The duty of the Crown to make informed decisions through consultation with Māori.

More information on Council's processes that provide tangata whenua contribution to Council's decision making can be found in our Māori Policy.

## ENGAGEMENT ON OTHER MATTERS

Outside of matters where it remains mandatory for a special consultative procedure to be undertaken, Council will determine the appropriate level of engagement on a case by case basis.

Council may decide that it will use a special consultative procedure if the matter is of high significance, or it may choose another form of appropriate consultation. In instances where significance is judged to be moderate, engagement with the community could involve consulting through an advisory committee or focus group, public meetings, or surveys.

When Council decides that a matter is of low to moderate significance, or in instances where it is considered that the views of the community are already known, it may make a decision on behalf of the community and then inform the community of the outcome. This may be, for instance, through publication on the Council website, in the local media, or other appropriate means.

## REASONS NOT TO ENGAGE

Council acknowledges there are times when it is not necessary, appropriate or possible to engage the community on a proposal or decision. This will be decided in accordance with the criteria below:

1. The proposal or decision is not of a nature or significance that requires engagement.
2. Council already has a sound understanding of the views and preferences of the people likely to be affected by, or interested in, the proposal or decision.
3. There is a need for confidentiality or commercial sensitivity.
4. The costs of engagement outweigh the benefits of it.
5. The proposal or decision has already been addressed by Council's strategies, policies or plans, which have previously been consulted on.
6. An immediate or quick response or decision is needed or it is not reasonably practicable to engage.

Whenever Council does not formally engage, community views will still be considered before a decision is made and as much information will be provided to the public as possible.

## ENGAGEMENT ACTIVITIES

Council will decide which engagement activities or processes to use based on the individuals, communities and sectors that are affected by, or interested in the proposal; and the extent of that interest/impact. In the first instance, staff will be responsible for assessing the appropriateness of engagement activities for each proposal or decision at the project planning stage.

There may be times where Council activities are affected by events at a regional, national, or global scale – such as extreme weather, or a pandemic. In these instances, Council may delay activities to ensure an appropriate level of engagement. Council may also implement alternative forms of engagement in order to overcome barriers these events have created to engagement. These will be considered on a case by case basis.

## INFORMATION REQUIREMENTS

Council will ensure that, when conducting any engagement or consultation process in relation to a significant decision, it provides:

- Clear information on what is being proposed and why it is being proposed
- Sufficient information on which to provide meaningful feedback
- The advantages and disadvantages of each option being considered
- What impacts, if any, will occur if the proposal goes ahead
- How the community can provide its views
- The timeframe for completing the community engagement or consultation
- How submitters and participants can learn about the outcome.

DEFINITIONS

Community	A group of people living in the same place or having a particular characteristic in common. Includes interested parties, affected people and key stakeholders.
Decisions	Refers to all the decisions made by or on behalf of Council including those made by officers under delegation. (Management decisions made by officers under delegation during the implementation of Council decisions will not be deemed to be significant).
Engagement	Is a term used to describe the process of seeking information from the community to inform and assist decision making. There is a continuum of community involvement.
Significance	As defined in Section 5 of the LGA 2002 <i>in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for:</i> <i>The district or region</i> <i>Any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter</i> <i>The capacity of the local authority to perform its role, and the financial and other costs of doing so.</i>
Strategic Asset	As defined in Section 5 of the LGA 2002 <i>in relation to the assets held by the local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority’s capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes</i> <i>Any asset or group of assets listed in accordance with Section 90(2) by the local authority; and</i> <i>Any land or building owned by the local authority and required to maintain the local authority’s capacity to provide affordable housing as part of its social policy; and</i> <i>Any equity securities held by the local authority in</i> <i>A port company within the meaning of the Port Companies Act 1988</i> <i>An airport company within the meaning of the Airport Authorities Act 1966</i>

RAISING A CONCERN

Concerns with the engagement process should be raised with the Wairoa District Council Governance team ([governance@wairoadc.govt.nz](mailto:governance@wairoadc.govt.nz))

**APPENDIX 1: ASSESSING SIGNIFICANCE AGAINST CRITERIA**

<b>CRITERIA</b>	<b>HIGHER SIGNIFICANCE</b>	<b>LESSER SIGNIFICANCE</b>
Change in levels, or delivery, of service provided by Council.	There is a major and/or long term change to services.	There is a medium to low level of change to services.
Level of financial impact.	There is a major and long term financial impact.	There is a medium to low level of impact.
Impact on the community.	The decision would have a major impact on sections or all of the community.	The impact on the community is medium to low.
Decision involves a “strategic asset” as listed in this Policy.	The decision involves the sale or transfer of more than 20% of a strategic asset.	The decision does not impact on Council’s ownership of the asset.
Impact on Council debt or level of rates.	The impact is major and/or long term on either debt levels or rates.	The impact is of a medium to low level.
Reversibility of decision.	The decision is irreversible and would impact negatively on future generations to a high degree.	The decision is not irreversible, or if it were, the impact on future generations would not be high.
Building on previous decisions.	The matter is considered to be significant by other criteria, and has not been previously consulted with the community.	The decision or action is consequential to, or promotes, a decision or action already taken by Council or the views of the community on this matter are already known.
Historic interest.	There is a history of the matter generating wide and intense public interest and a reasonable expectation that this will again be so.	There is no history of the matter generating widespread interest.
The likely impact/consequences of the issue, proposal, decision or other matter, on youth, elderly and Māori.	The decision would have a major impact on youth, elderly and Māori.	The impact on youth, elderly and Māori is medium to low.



## APPENDIX 2: LIST OF STRATEGIC ASSETS

The LGA 2002 definition of a strategic asset is outlined in Section 5.

The list of assets outlined below are considered to be “strategic assets”, however not all decisions made regarding them will be significant. For example, the road network is strategic but the purchase or sale of small land parcels that make up the network may not amount to a significant decision.

- Water supply catchments and supply network as a whole.
- Wastewater network as a whole.
- Stormwater and flood protection network as a whole.
- Land transport network as a whole.
- Waste management facilities as a whole.
- Cemeteries.
- Ownership of community facilities as a whole.
- Ownership of Quality Roading and Services (Wairoa) Ltd (QRS).

**8.4 HAWKES BAY INDEPENDENT FLOOD REVIEW PANEL SUBMISSION**

**Author:** Hinetaakoha Viriaere, Group Manager Planning and Regulatory Services

**Authoriser:** Kitea Tipuna, Tumu Whakarae Chief Executive

**Appendices:** 1. WDC Submission [↓](#)

**1. PURPOSE**

This report provides information for Council on the Wairoa District Council Submission to the Hawkes Bay Independent Flood Review Panel – Pae Matawai Parawhenua on the performance of Hawke's Bay Regional Council's (HBRC) flood scheme assets and river management programmes in response to Cyclone Gabrielle.

**RECOMMENDATION**

The Pouwhakahaere Whakamahere me te Waeture | Group Manager Planning and Regulatory Services RECOMMENDS that Council receive the report.

**1. BACKGROUND**

- 1.1 On 16 February 2024 Council submitted its submission to the Hawkes Bay Independent Flood Review Panel - Pae Matawai Parawhenua on the performance of Hawke's Bay Regional Council's (HBRC) flood scheme assets and river management programmes in response to Cyclone Gabrielle. The Independent Flood Review was instigated by HBRC in the wake of Cyclone Gabrielle and the flooding that significantly impacted the region. The Review is independent of HBRC and covers all of Hawke's Bay from Wairoa to Pōrangahau.
- 1.2 The purpose of the Review includes reporting on the performance of HBRC's flood scheme assets and river management programmes during the Cyclone Gabrielle event, reviewing decision-making regarding catchments where flood scheme assets and river management programmes exist and whether these remain viable. The Review will also consider and recommend a wider range of total catchment options to make the schemes and programmes more resilient into the future.
- 1.3 The scope of the Review includes reviewing the performance of all HBRC-owned and operated flood protection, control and drainage schemes, including associated telemetry and stream monitoring assets, and river management programmes during the Cyclone Gabrielle event, specifically considering the origin and purpose of each scheme and programme, including intended levels of service (LOS), the severity of the Cyclone Gabrielle event and any other contributing factors relative to scheme purpose/ LOS and the event itself, and scheme maintenance and operation before, during and in the immediate aftermath of the event. Furthermore, the review will consider and recommend a wider range of total catchment options using a long-term and holistic vision and having regard to increasing climate change risks.
- 1.4 A panel of three independent reviewers is conducting the Review, with experience in resource management, engineering and the law, as well as experience in these types of reviews. The Review is being conducted by the following panel of experts (Review Panel): 1. Phil Mitchell (Chairperson), Partner at Mitchell Daysh 2. Kyle Christensen, Christensen Consulting Ltd 3. Bernadette Arapere, Barrister. The Review Panel is independent to HBRC and impartial. The Review Panel will provide an arms-length assessment of HBRC

infrastructure, assets and activities as defined by its Terms of Reference. The Review Panel may request advice from an independent Legal Advisor and other subject matter experts during the course of the review.

1.5 The Review Panel will report its findings on the circumstances that led to the breaches and will make recommendations it considers fit on matters within the Review scope, including recommendations relating to future actions that HBRC might take. The Review Panel will ensure that all members of the community affected by, and all iwi and stakeholders with an interest in, the flood event from Cyclone Gabrielle are given the reasonable opportunity to provide information, input and feedback. HBRC will provide full disclosure to the Review Panel of all the relevant information it holds. It will also provide the Review Panel with full access to any relevant staff. In order to be effective, it is expected that the Review Panel will also receive information and hear from organisations outside of HBRC.

1.6 The original timeline for the Review meant the Panel's findings and recommendations would have been reported to HBRC at the end of May. However, there has been a delay in the Panel receiving a report from NIWA which is critical to their assessments and analysis, and this means the Review Report will now be delivered to the Regional Council a month later – by end of June. With the information gathering and assessment phases of the Review completed, the Panel has asked a series of follow-up questions for HBRC. Once the additional information from HBRC has been received and assessed, the Panel will continue progressing towards completing the Review Report. The follow up questions and revised process timeline can be viewed at <https://www.hbifr.nz/review-process>.

#### **Further Information**

For further information regarding the Independent Flood Review see [www.hbifr.nz](http://www.hbifr.nz).

#### **References (to or from other Committees)**

Workshop Hawke's Bay Independent Flood Review Panel WDC Submission with Consultant Ross Browne of Triplex Consulting.



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16<sup>th</sup> February 2024

c/- Dr Phil Mitchell – Chairperson

Hawkes Bay Regional Council

159 Dalton Street

Napier 4410

## WAIROA DISTRICT COUNCIL SUBMISSION TO THE HAWKES BAY INDEPENDENT REVIEW PANEL

### 1. INTRODUCTION

Wairoa District Council (“the Council” hereon) would like to thank the Hawke’s Bay Independent Flood Review Panel for the opportunity to make a submission on the performance of Hawke’s Bay Regional Council’s (HBRC) flood scheme assets and river management programmes in response to Cyclone Gabrielle.

The Wairoa District, like many in the upper East Coast of the North Island has experienced and continues to experience large climatic rainfall events and raging floods. There is a feeling of history repeating itself, with continuous flooding events including the Kōpuawhara Flood in 1938, Cyclone Bola in early March 1988 and Cyclone Gabrielle on February 14th, 2023, having a significant impact on the health and wellbeing of the community, our homes, marae, livelihood, and whenua, yet nothing changes. Our isolation (out of sight out of mind) and challenging socio-economic deprivation remain barriers to resilience and flood protection, ensuring that the community remains vulnerable to the impact of flooding events. There is a mindset within the community that the learnings of past events have never been enacted and it is the Wairoa community that bears the scars and financial burden of this.

Council is determined that Cyclone Gabrielle will be a turning point for the Wairoa community. At its forefront is that the lessons of the past will direct our future and will lead to strategies, schemes and management plans that provide for a sustainable and resilient community. The Council recognize that to achieve the aspirations of the community, they cannot do this on their own. This submission will be looking to the Hawke’s Bay Regional Council (“HBRC” hereon) for leadership and partnership to advocate for Wairoa with Central Government and their agencies. This is to ensure secure funding and expertise to deliver and implement a flood resilience framework, strategy, and physical works to improve outcomes for the community.

## 2. RECOMMENDATIONS

To summarise, the Council seek:

- Long term advocacy from HBRC to support requests for funding through Central Government for short term flood protection schemes and longer-term management plans that reduce the flood risk to people and property.
- Long term partnership between the Council and HBRC to develop fit for purpose flood protection schemes and resilience management plans, that recognise the needs and uniqueness of the community, while acknowledging the cultural and economic opportunities that maintaining a visual and physical link between the river can provide and needs to be considered in any management plans.
- Establish the Wairoa esplanade as a regional park and to manage the area jointly/proactively.
- A commitment to new ways of working together is required. At the governance level, elected officials at District and Regional level, must collaboratively work together to develop a greater shared understanding of our environment, the risks we face, and how we can respond to them.
- We require more visibility on the work being undertaken in the District. The community needs clear and direct messaging/reporting from HBRC that states what is being done, when and why. HBRC need to take an active approach when addressing the Wairoa community as there is a feeling from the community that HBRC largely lack any sort of physical presence in Wairoa.
- HBRC asset management plans (AMPS) MUST compliment and support the Council's vision, AMPs and infrastructure strategies. AMPs need to align and not work in isolation from each other, we have the same ratepayers.
- Our Councillors WANT improved reporting through annual report channels, and a face-to-face meeting between District and Regional councillors. This is to ensure a greater understanding of shared issues between each other, working together and taking a collaborative approach on how these can be improved.
- Our Councillors and staff WANT targeted funding to strengthen environmental governance and management capability so we can provide best-practice stewardship of new schemes and regulatory controls. We WANT a funding commitment, not more talk.
- Te Uru Kahika - Regional and Unitary Councils Aotearoa (2022) has released a proposed co-investment in river management strategy '*Before the deluge, Building flood resilience in Aotearoa*' to Central Government. The strategy focuses on investigating options, developing management plans, scheme options and implementing those schemes and management plans. This would be one mechanism to secure the funding to support the investigation and implementation of any flood protection and management plans for Wairoa.
- The report titled '*Outrage to Optimism*' regarding the Ministerial Inquiry into Land Uses in Tairāwhiti (2023) and Wairoa states that compliance activities for forestry land use consents appear to be inadequate. We also note that the Inquiry team have recommended that Gisborne District Council be directed to examine the adequacy of forestry-related consents for managing potential and actual adverse effects. We would like HBRC to conduct a similar independent review. The Ministerial Inquiry also identified



that the mapping of erosion-prone land needs to be improved to allow more granular planning. Improved mapping will improve targeting of monitoring efforts.

- The recent impact of Cyclone Gabrielle underscores the necessity for the HBRC to re-evaluate its waterway planting policies concerning willow and poplar trees. While acknowledging that these trees have their ecological roles, it's imperative to recognise that planting them directly alongside river-banks can lead to detrimental consequences. Cyclone Gabrielle vividly demonstrated the destructive potential of these "wrong trees in wrong places," as their presence exacerbated the accumulation of debris and contributed to the overall mess caused by the cyclone. Therefore, a reassessment of planting practices is essential to mitigate future risks and ensure the resilience of river systems in the District.
- A review MUST be undertaken on the operation of the existing telemetry system to ensure it is fit for purpose, including an assessment of whether the extent of the system is adequate to provide for flood protection throughout the Wairoa District.
- The Council needs HBRC to advocate on their behalf to secure the necessary targeted funds to prepare and design the schemes and implement their construction and other management plan strategies and to assist in managing ongoing costs of any scheme or management plan, to reduce the community's vulnerability.

The Council requests that the Panel make a specific point within their decision, requiring:

- HBRC to continue to work together and collaborate with the Council in the short term and more importantly in the long term on robust flood protection and resilience management plans for Wairoa, North Clyde, Nuhaka and the wider district.
- Advocate with Central Government on behalf of the Council and community to secure necessary funding to investigate protection and resilience options, develop schemes, management plans and implement public and private solutions.

The Mayor, Councillors and people of Wairoa District invite the Hawkes Bay Independent Review Panel to present your report to us. Through you, we also extend this invitation to Hawkes Bay Regional Councillors to attend as our guests, so we can collectively hear the same message, address the past, and move forward together.

### **3. RIVER MANAGEMENT, DRAINAGE & FLOOD CONTROL**

Historically, as observed by NIWA (2018) significant weather events have occurred on a reasonably regular basis throughout the District. The Wairoa district has been hit by multiple events since the beginning of 2022 including the rain event in March 2022, Cyclone Hale in January 2023, Cyclone Gabrielle in February 2023 and after Cyclone Gabrielle in November 2023.

More recently on February 14th, the Wairoa District was severely impacted by Cyclone Gabrielle, the largest weather event experienced in the living memory for many of the town and wider community's residents, the scale of the event well exceeded Cyclone Bola's impacts. Significant flooding also occurred upstream of North Clyde, around Frasertown and across large areas of farmland. Whakakī and Nuhaka, were also severely impacted by flooding.

HBRC are responsible for carrying out flood protection and control works in the Wairoa District. The HBRC flood and drainage schemes we have in the Wairoa district include the Kopuawhara Stream Flood Control Scheme, Ohuia-Whakakī Drainage Scheme, Opoho Drainage Scheme and Paeroa Drainage Scheme (HBRC, n.d.).

The Wairoa River runs through the township of Wairoa/North Clyde and is managed as part of a basic scheme (Paeroa Drainage).

The Wairoa River/Northern sub-region catchments in the northern Hawke's Bay are together the region's largest catchment. The rivers and tributaries of the District are of spiritual and cultural significance to the iwi and hapū of Te Rohe o Te Wairoa. This spiritual and cultural significance should not be understated. Māori, all around Aotearoa, have an intrinsic connection to all forms of waterways. These waterways have a mauri or *life force*, and the Wairoa River has purpose or value and provides an invaluable connection to all forms of life. It remains a provider of resources, it is a source of gathering food, it provides opportunities to practice cultural protocols and most importantly it is a taonga and a wāhi tapu.

HBRC has several responsibilities to consider river/catchment health including, ensuring that the Te Mana o Te Wai principles in accordance with the *National Policy Statement for Freshwater Management 2020* are integrated into all aspects of freshwater management, including planning, consenting, monitoring, and enforcement activities.

Wairoa is translated in Māori as "*long water*" which refers to the Wairoa River, the full name of the river being captured in the whakataukī: "*Te Wairoa Hōpūpū Hōnengenenge Mātangi Rau*" – *Wairoa, long, bubbling, swirling, uneven waters*. This saying refers to the turbulence and opposing currents of the Wairoa River. However, these currents become one as they enter the river mouth and reflects how the Wairoa people have the ability to put aside their differences when engaged in a common purpose.

The Wairoa River is a large river which begins at the confluence of the Hangaroa River and Ruakituri Rivers just before Te Reinga Falls. The length of the river is approximately 65 km, flowing south through the town of Wairoa and into the Wairoa River estuary where it discharges to the sea.

The Wairoa River has the largest catchment in Hawke's Bay, with an area of 3,563 square kilometres. The catchment begins in the previous Te Urewera National Park (Huiarau, Kahikatea, Panekiri, Ngamoko and Matakuhia Ranges) to the west and is fed by Lake Waikaremoana and the rivers Waikaretaheke, Mangaaruhe, Waiau. Ruakituri Hangaroa and Mangapoike and their tributaries. The river discharges at its mouth, in northern Hawke's Bay and into the Pacific Ocean. The profile of the riverbed denotes that the river is at its deepest further inland nearest the ranges and shallowest adjacent to the Wairoa/North Clyde and river mouth.

At its mouth and adjacent to Wairoa/North Clyde, the Wairoa River is significantly influenced by coastal tidal changes. These changes dominate the salinity, flow and fluctuations in water levels within the river. A meandering gravel river mouth and coastal estuaries dictate the channel and the volume of flow exiting the river into Hawke's Bay. Strong coastal currents, particularly in storm and cyclonic events also push submerged gravels towards the shore and river mouth, further restricting the volume of floodwater flowing out to sea. Historically, the Wairoa River mouth has regularly closed due to the sea currents, causing flooding of the low-lying areas near the township.

The Nuhaka River has a catchment of 180 square kilometres. The catchment begins in the North, within the Hineroa Forest, with the river and its tributaries, discharging at its mouth, into Hawke's Bay and the Pacific Ocean, similar to the Wairoa River.

A meandering gravel river mouth and coastal estuaries dictate the channel and the volume of floodwater flow entering Hawke's Bay. Strong coastal currents, particularly in storm and cyclonic events influence the mobilisation of submerged gravel at the river mouth, challenging the volume of floodwater that can flow out to sea. The Nuhaka River which runs through the township and community is also managed under a basic scheme, that is opening the river mouth in the event of a large storm, to increase discharge of floodwater flows to sea.

The flood events that occurred following Cyclone Gabrielle impacting the Nuhaka and Whakakī communities over 7-8 November 2023, were a clear signal that we must urgently work on understanding the causes of the extent of the flooding and the options available to mitigate any further reoccurrence.

The Wairoa River management and drainage schemes are classified as non-critical in the Region's asset plans, placing them at a lower priority compared to schemes in the Hawkes Bay. This categorization underscores a systemic issue where Wairoa is often overlooked or assigned the lowest priority in resource allocation. Consequently, the absence of comprehensive plans has exacerbated those impacts caused by Cyclone Gabrielle and other recent flood events that have impacted the region including the rain events in 2023.

Local government reforms over the years including the *Local Government Act 1989* removing Crown funding contributions from flood control schemes, have created bureaucratic and financial divisions over our environment. Those divisions have complicated our ability to manage risks on behalf of our communities and weakened our ability to respond to natural disasters.

The Regional Flood Management Plans and Drainage Schemes in Wairoa/North Clyde and wider District like many other schemes in northern Hawke's Bay, were established by the Drainage boards of the 1980s. The Paeroa Drainage Scheme serves Wairoa/North Clyde. The flood and drainage schemes focus on ongoing tree/vegetation removal and before heavy rainfall events, the opening of the river mouth, to increase discharge of floodwater flows to sea. The Paeroa Drainage Scheme in North Clyde and Wairoa allows surface water to drain from the township into the river as quickly as possible and the vegetation clearance is to minimise debris within the river creating obstacles that may obstruct or delay the flow of floodwaters entering Hawke's Bay and the Pacific Ocean.

The existing flood and drainage schemes may be capable of managing river flows and stormwater during smaller normal rainfall and minor flooding events. In larger events the narrow river channel, shallow bed and coastal influences, mean it does not take long before the river reaches capacity.

When at its peak, drains back up, water pools which overwhelms the network and floods properties. As larger flood events are becoming more commonplace as a result of climate change and sea-level rise, alternate/improved flood management and drainage systems need to be considered early to reduce the communities vulnerability to larger flood events.

Traditional off the shelf flood protection measures, for instance – stop banks – may not be the only option when considering methods to reduce the community's vulnerability to flood events. The Council considers that all options must be explored when considering resilience and minimising flooding impacts – from sensitive land-use retreat in unsuitable urban and rural areas to compensating upper catchment landowners where their land is used to detain floodwater flows.

Any stop bank is likely to be higher to offset the lesser carrying capacity of the river and esplanade. This is likely to further diminish visual and character values along the river and the enjoyment of this space by locals and visitors alike.

The community has a vision of enhancing interconnectedness between the commercial and river/esplanade area in Wairoa, to encourage tourism and economic development in the area. The Council has developed an urban design management plan for the commercial centre of the township, focusing on the natural asset that is the river and esplanade. Any scheme or management plan will need to take this into account these community aspirations.

The community agrees that flood protection and management is a priority to ensure that their communities are sustainable and resilient to future flooding events. Funding such schemes and management plans has always been the challenge. The current funding model requires the community to meet the costs of design, construction, maintenance and insurance. Our district faces

high levels of socioeconomic deprivation and many within the community cannot afford personal insurance, therefore scheme/management cost remains one of most the significant drivers to continued flood vulnerability.

The factors discussed above are based on Wairoa's positionality as a small rural area with unique environmental and demographic factors. While Wairoa will continue to advocate for consideration of our unique characteristics and representation at a regional level and trusts that HBRC will uphold these, we also recognise that by not having explicit consideration of Wairoa's voice, it leaves the door open for unintended consequences. This is a consideration that applies to other rural territorial authorities that make up larger regions.

This is understood to have been one of possibly two catalysts for the construction of a stop bank not going ahead in the mid 1990's. Flood modelling and scheme design had been undertaken in 1994 by HBRC after events like Cyclone Bola (HBRC, 1994). Stop banks were recommended at the time as a possible solution. The same previous funding model that applied then still exists today. It is likely that the burden of cost on the community was a strong factor that saw the scheme proceed no further than the modelling stage. It was known that the Wairoa, North Clyde and Nuhaka communities were vulnerable, but cost was the likely contributing factor that meant the community remained vulnerable to flood events.

Post Cyclone Gabrielle, HBRC have been showcasing modelling to understand how measures may be implemented to minimise the impact of flooding on Wairoa and North Clyde. The Council supports this ongoing modelling to find workable solutions suitable for Wairoa and the distinguishing make-up of our community that minimises impacts not only on North Clyde but the wider Wairoa township and District as well.

Climate change will also have a significant impact on future flooding events. Given the profile of the riverbed and influence of coastal processes on the river and river mouth, it is likely that future flood events will be larger and have a greater impact on the community. This will need to be considered when looking at those options and opportunities to provide for a sustainable and resilient flood impact solutions.

Climate, cultural, amenity and character and funding challenges will need to be balanced when considering measures to reduce the communities vulnerability. A suite of options will need to be investigated to ensure that the health and wellbeing, social, cultural, environmental and economic aspirations can be achieved.

The Wairoa esplanade plays an important role in the mobilisation of flooding along the river and is likely to be part of any future flood scheme or management planning. Adjacent to the commercial area in Wairoa, the open esplanade allows for additional flood carrying capacity, reducing the impacts on other private property. The estuary and wetlands at the mouth performs as a floodwater holding area in the event that the mouth is blocked or compromised, limiting flows of floodwaters to sea. Between the commercial area of the township and the estuary, the esplanade provides protection from the erosive impacts of floodwaters on those neighbouring residential properties. Transformation of the esplanade into a regional park will ensure that this asset is retained and available for consideration as a key part of any future flood protection and resilience planning going forward.

Well before Cyclone Gabrielle, drains and culverts that HBRC is responsible for haven't been adequately maintained. Council has not had any visibility of scheme designs, maintenance plans, or what maintenance was scheduled or performed. We don't have visibility of the intended level of service, and there isn't formal reporting on performance against plans. The lack of such information leaves our community feeling vulnerable and questions what work HBRC is actually doing to protect

our whānau and community from future flood events. There has been inadequate maintenance performed on drainage schemes and the waterways by HBRC prior to Cyclone Gabrielle.

There must be active and ongoing discussions, reporting and management between the district and regional council to ensure everyone is on the same page and is working towards a safer and more resilient community.

#### 4. INADEQUATE MONITORING

Lack of activity reporting at a District level, including performance against targets, and costs incurred, contributes to a perception that Wairoa does not receive its fair share of regional spending. In the absence of detailed report, speculation undermines confidence. Because of the lack of reporting, we do not know objectively if the maintenance performed on the schemes was adequate or not. We know that the coverage of schemes in our district is not adequate, and we need flood protection. New schemes must be well-maintained, and we must be well informed to judge that.

Through its *Long-Term Plan 2021-2031*, HBRC (2021) states that it is responding to climate change through planned work programmes, levels of service and scheme reviews. All schemes in Wairoa District are categorised as ‘Small Schemes’ and are excluded from the infrastructure response to climate change. Despite predicted increases in flooding, HBRC provides no commentary on the impact of changes on these schemes. There is no indication of what the expected impact is on scheme levels of service, or the impact on our community.

While post-Gabrielle funding will provide us with a flood control scheme, we remain concerned that the historic lack of attention to the needs of our District will remain. Wairoa needs to be considered as a high priority for the flood protection scheme as is evident from the destruction of Cyclone Gabrielle. We want to be confident that HBRC will implement asset management and flood schemes to protect our community.

Rainfall and river levels are monitored by HBRC throughout the region. However, it is not clear to us if the network of instruments has been recently reviewed to reflect more recent knowledge about the impact of landcover changes. Groundwater levels are monitored at a single location in the district. Hill country erosion is monitored via aerial survey. Coastal erosion monitoring occurs in some locations. In 1994, a potential approach to flood risk mitigation involved creation of safe refuges, rather than a general protection scheme. The concept outlined that in a best-case scenario the extant sensor network would provide a maximum of 9 hours warning of damaging flood waters. We have not seen any information on warning time improvements more sensors could provide. We believe this needs further technical examination.

There is only one groundwater sensor in our District. Recent research by GNS Science (2024) has examined the impact of climate-related sea level rise on groundwater-related hazards, such as increased flooding from rainfall. Groundwater levels potentially become significant to flood models. We believe these needs further technical examination.

Research commissioned by Wairoa District Council characterised coastal erosion monitoring within the District as inadequate (Oram, 2017). Monitoring in Wairoa District did not start until 1998, several decades after the rest of the Region. Surveys following significant storm events are required to contribute to data models. Furthermore, the *Clifton to Tangoio Coastal Hazards Strategy 2120* (HBRC, 2016) does not include the Wairoa District.



Emergency opening of the Wairoa River mouth to improve outflow rates is identified as being an essential task in emergency plans. The bar has been opened approximately 20 times over the past 30 years. Some people believe there is an art to knowing when to open the bar. Others believe it is simpler. We need to understand if the bar can be proactively managed, or the dynamic nature of the environment means that a 'just in time' approach is the only viable option. Decisions must be delegated to locals. Further study is needed to specifically answer the questions about dredging, modifying the river mouth and management practice. These questions should be considered as part of designing our new flood protection measures. The study must address the science, cultural and economic impact.

## 5. SETTING THE AGENDA FOR EFFECTIVE CHANGE

The Wairoa District spans approximately 4,077 km<sup>2</sup>, accounting for approximately one-third of the region's land mass. It encompasses a significant portion of the Hawke's Bay coastline, stretching 130 km along the 350-km shoreline.

The Wairoa District has the second largest land area when compared to Napier City, Hastings District and Central Hawke's Bay District however the Wairoa District has the largest total and proportion of annual rainfall (HBRC, 2023).

Despite its substantial size and natural assets, Wairoa receives a disproportionately low share of funding compared to other districts within the region. This inequity in resource allocation fails to adequately support both the environment and the community it serves. Wairoa has been treated as the poor cousin within the region for too long. The historic context of flood control investment has magnified the inequities our District faces.

Through its Long-Term Plan (2021-2031) HBRC states that is responding to climate change through planned work programmes, levels of service and scheme reviews. The *Coastal Hazards Strategy 2120* is identified for potential continuance. However, the strategy as mentioned previously does not include the Wairoa District.

The Councillors have general concern about the relationship with the Regional Council and have raised their concerns about the lack of visibility HBRC has had in the District prior to Cyclone Gabrielle. Wairoa is one third of the Regions land area however, the Regional Council is almost invisible in our District – approximately 2% of their staff work from Wairoa.

The Councillors universally and strongly feel they do not have adequate information on risks the community faces. HBRC undertakes a risk identification process, in some cases takes risk reduction activity and accepts residual risk. It is completely unacceptable that there is not a shared understanding of the risks our community faces.

The challenge of funding remains and without regional support and central government funding, the communities will remain vulnerable to future flood events.

Allocated funding for Wairoa District is required to create the opportunity to build a genuinely holistic approach. As a Council, we are committed to working with our Treaty Partners, Iwi/hapū, mana whenua, community, agencies and HBRC to do things better.

There is an opportunity to build from the Cyclone Gabrielle disaster and design an approach to flood control, drainage and river management in Wairoa that protects our environment, our people and our future.

## 6. CONCLUSION

Several large catchments are located in the Wairoa District with challenging dynamics and influences. These challenges along with the socio-economic conditions, the towns identity and tourism drivers/attractors and minimal flood management programmes of work mean that Wairoa, North Clyde, Nuhaka and the wider communities remain vulnerable to impacts of flood events. The catchment dynamics and limited flood and drainage management and schemes has had a significant influence on the vulnerability of the community as a result of the recent floods.

The Council seeks several recommendations from the panel in order to achieve long term sustainability and flood resilient communities.

A suite of options needs to be considered to ensure that the social, economic, cultural and environmental needs and aspirations of the community are achieved. All options need to be considered, including those least supported, but may lead to better outcomes in the future. This can only be secured through funding from Central Government. Securing the necessary funds will allow the community to recover and prosper, without fear from future flood events.

The only way to ensure that the economic challenges are no longer a roadblock to flood protection and resilience communities is through continued collaboration and advocacy by HBRC on behalf of the Council and our community.

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**9 RECEIPT OF MINUTES FROM COMMITTEES/ACTION SHEETS**

Nil

**10 PUBLIC EXCLUDED ITEMS****RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48 for the passing of this resolution</b>
<b>10.1 - Statute Barred Rate Arrears Write-off 2016-17</b>	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>10.2 - CONCEPT DESIGN APPROVAL – WAIROA RIVER RESERVE RESTORATION</b>	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities  s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7