

# Revenue and Financing

## POLICY

Updated June 2019





# Revenue and Financing Policy

## Overview

Environment Canterbury’s financial policies aim to achieve efficient and effective regional governance. We will prudently manage our finances in such a manner as to protect the public’s investment and minimise the exposure to risk. This acknowledges that at all times the Council is managing finances that belong to the Canterbury community.

This revenue and financing policy explains the rationale and process of selecting various funding sources to support the operating and capital expenditure of the Council. For Council to evaluate what funding sources are appropriate, we have created five guiding principles, as summarised below:

Principle	Rationale
Affordability	The Council considers the impact of funding methods on people’s ability to pay, to avoid a decision being economically detrimental to the community and its well-being.
Attribution of costs to the beneficiary	The Council seeks to allocate costs to those who benefit from its activities or cause those activities to be undertaken. This is considered economically efficient and equitable. <ul style="list-style-type: none"> <li>• For those activities where there is a region-wide benefit, a form of general rate is used</li> <li>• For those activities related to a defined area of the region, a form of targeted rate is used</li> <li>• Activities that are directly caused by an individual or confer a benefit on an individual are funded by a form of user-pays charge.</li> </ul>
Financial prudence and sustainability	The Council recognises that additional contributions may be required to support debt repayment, manage treasury ratios or comply with our investment and debt management policies. This may also be relevant in determining appropriate funding mixes.
Strategic alignment	The Council is to have regard to its impact on our broader strategies and priorities as set out in our vision, community outcomes and planning documents including rating limits and affordability ratios set in the infrastructure and finance strategies within the Long-Term Plan.
Transparency and accountability of funding activities separately	The Council must consider the costs and benefits of funding activities separately. Transparency of funding enables the users of services to assess whether value for money has been achieved. Accountability makes the Council more efficient in providing these services.
Overall impact on the community	Within these guiding principles there remains inherent conflicts. When the Council applies these principles, and evaluates how activities will be funded, we do so considering the overall impact of any allocation on the community.

## Funding of operating and capital expenditure

**In addition to our guiding principles, Environment Canterbury’s Revenue and Financing Policy will also provide due consideration to the following:**

- funding sources will be at a level to cover our net funding requirements, including an affordable ongoing asset renewal and replacement programme
- the number and costs of projects instigated are acceptable to the community the needs of current and future ratepayers are considered
- rates are collected from properties that are the direct beneficiaries of services where these can be identified, with the incidence of rates spread as possible
- limits and ratios set in our Financial Strategy are met.

## Expenditure to be funded

Legislation requires us to make adequate provision in the Long-Term Plan to meet the expenditure needs identified. Generally, this will mean that all expenditure is fully funded. An exception is that depreciation for flood protection assets is unfunded. Council’s strategy is to maintain the current service potential of

flood protection assets in an ‘as new’ condition and to standards set out in the asset management plan and infrastructural strategy, therefore existing levels of service are maintained by way of a regular repair and maintenance programme.

Environment Canterbury considers this approach and the consequential impacts on our operating budgets and debt levels is financially prudent, reasonable and appropriate having had regard to our funding principles, the factors in section 100(2) of the Local Government Act 2002 and all other relevant matters.

### Sources of funding: operating and capital expenditure

The sources of funding applied under this policy are limited to those set out under section 103 (2) of the Local Government Act 2002. The Council has determined the funding sources for both operating and capital expenditure below with due consideration given to the funding principles. For the most part funding sources for both operating and capital expenditure are similar. Where the rationales differ, these are separately identified in the table below:

Funding source	Rationale
General rates	<p>General rates are appropriate for funding activities where it is not practicable or cost-effective to identify the individual or group of beneficiaries (or causers of costs) of the service and charge them for the benefits received or costs imposed.</p> <p>It is also appropriate for general rates to partially fund activities where the provision of a private good also generates wider social benefits or where the application of fees and charges either causes affordability issues or compromises the wider objectives of the activity. Refer rating policy (below) and rating funding impact statement for further details.</p> <p><i>Guiding principle: affordability, financial prudence and sustainability</i></p>
Targeted rates	<p>Targeted rates are appropriate for funding operating activities or capital expenditure projects where the activity mainly benefits a specific group of ratepayers or where the action or inaction of that group contributes to the need for the activity. For example, where: the benefit of the activity falls on an identifiable subset of ratepayers; for catchment works that a property near a river receives greater flood protection benefit from than a property further away, so pays more. Refer rating policy(below) and rating funding impact statement for further details.</p> <p><i>Guiding principle: attribution of costs to the beneficiary, transparency and accountability of funding activities separately</i></p>
Fees and charges	<p>Fees and charges can be applied where the users of a service can be identified and charged according to their use of the service. Conversely, those that do not pay are denied access to the service.</p> <p>Fees are also appropriate where an individual’s action or inaction creates the need for an activity (cost causation). For example, the cost of obtaining a consent is met by the land owner.</p> <p>Refer Fees and Charges Policy for additional policy rationale and rates.</p> <p><i>Guiding principle: attribution of costs to the beneficiary, transparency and accountability of funding activities separately</i></p>
Grants and subsidies	<p>Grants and subsidies are applied to fund the operating or capital costs of a particular activity that the grant or subsidy is intended to pay for.</p> <p><i>Guiding principle: attribution of costs to the beneficiary, transparency and accountability of funding activities separately</i></p>
Interest and dividends from investments	<p><b>Operating Expenditure:</b> Interest and dividends from investments is allocated to projects related to the purposes for which those balances are held. The interest allocation reduces the amount of funding required from other sources.</p> <p><b>Capital Expenditure:</b> Interest and dividends from investments may be used where appropriate and consistent with the Council’s funding principles to fund capital expenditure projects and to reduce the reliance on ratepayer funding.</p> <p><i>Guiding principle: financial prudence and sustainability, strategic alignment</i></p>
Borrowing	<p><b>Operating Expenditure:</b> Borrowing will not generally be used to fund operating expenses.</p> <p><b>Capital Expenditure:</b> Borrowing is used to spread the costs of capital expenditure across multiple years. Given assets deliver benefits throughout their useful life, it is appropriate that the funding is spread across this period.</p> <p><i>Guiding principle: financial prudence and sustainability, strategic alignment</i></p>

Proceeds from asset sales	<p><b>Operating Expenditure:</b> Funds received from the sale of surplus assets will generally be attributed to that activity. For example, proceeds from timber sales by catchment rating districts are used to fund work in those areas.</p> <p><b>Capital Expenditure:</b> Funds received from the sale of surplus assets on a case-by-case basis may be used to fund investment in another asset of higher strategic priority than the asset sold.</p> <p><i>Guiding principle: financial prudence and sustainability, strategic alignment</i></p>
Surpluses from previous financial years	<p><b>Operating Expenditure:</b> A surplus may be available to be carried forward as a reserve. Funding from reserves may be used only for work related to the purpose for which the funds were originally collected. For example, catchment reserves can only be spent on catchment works in the rating district where they were collected.</p> <p><b>Capital Expenditure:</b> Surpluses will not generally be used to fund capital expenditure.</p> <p><i>Guiding principle: financial prudence and sustainability, transparency and accountability of funding activities separately</i></p>
Other sources	<p>Other revenue sources maybe used where appropriate and consistent with the council's funding principles to support operational or capital expenditure projects and to reduce the reliance on other funding. An example of this is the income received from endowment land lease rentals. This income is tied to catchment rating districts and is used to fund river protection in the rating district where the land is situated. It cannot be used to fund other work.</p> <p><i>Guiding principle: financial prudence and sustainability, affordability</i></p>

## Rating policy

### General rates

General rates are applied to all rateable land under section 13 of the Local Government (Rating) Act 2002.

Environment Canterbury will use general rates to fund activities which have a 'public good' element, or where we wish to subsidise the provision of services because of the wider community benefits they provide.

### Valuation basis

The general rate will be set based on capital value. This is consistent with the revenue mechanisms that have been provided to us by central government and are based on a land tax principle. Council is of the view that higher capital value properties, generally, are better able to bear the costs. It also assumes that those with more capital consume more resources and so have a greater stake in the management of those resources. Having said that, when appropriate charges for some activities are a fixed amount regardless of the rateable value of the property (see UAGC below).

Relief from rates is available through a rates rebate administered by your territorial authorities (eg Mackenzie or Selwyn District Council) on behalf of central government.

General rates are set differentially based on the location of the rateable properties within the respective territorial authorities' areas, using capital values. We have used projected capital values to arrive at a value for each territorial authority area. A process to consider projected values is undertaken on an annual basis to take account of the different revaluation cycles of the territorial authorities in the region. Its effect is to smooth the impact of increases in the valuation base during the valuation cycle. Without this 'equalisation', each district's share of the Environment Canterbury rating base will increase in the year they revalue the properties in the district, then decrease in the following two years giving a more volatile and less certain rates take.

General rates are collected by a rate in the dollar on the rateable capital value of each rating unit, or by a uniform annual general charge (UAGC) as a fixed amount per rating unit.

### Application of a uniform annual general charge

To ensure that the rates burden isn't disproportionately borne by higher value properties the Council has decided to set a uniform annual general charge (UAGC), where one of the following criteria applies:

- the expenditure is a 'public good' to which every ratepayer has equal access
- the expenditure is related to 'people' rather than property
- the expenditure does not directly change the condition of economic value of a property or resource.

- Every ratepayer will therefore make a minimum contribution to meeting the Council’s costs, as outlined in our funding sources.

The charge will apply to every rating unit.

### Targeted rates

The Council mainly uses targeted rates where there is a clearly identifiable group benefiting from a specific Council activity. Targeted rates will apply to properties that receive certain services, or which are located in specified areas. Targeted rates may also apply universally to fund a specific activity where it is important that the community can see the amount being spent specifically on that activity.

The Council does not have a lump sum contribution policy and will not invite lump sum contributions for any targeted rate.

### Annual adjustments to regulatory fees and charges

Fees and charges are applied where the users of a service can be identified and charged according to their use of the service. We will review and amend our regulatory fees and charges annually to:

- reflect increases in costs as measured by the Council rate of inflation and/or maintain the cost recovery levels underlying the basis for setting the fee levels.
- The change to fee levels will be made on a practical basis recognising that the percentage change applied to individual fees may not precisely equal the rate of inflation applied. This also means smaller fees may increase by more material amounts in one year and remain constant for a period before being adjusted again.

**Rates are subject to change based on public consultation or change in policy.**

### Rates collection by territorial authorities

All rates are collected by the territorial authorities within the Canterbury region on behalf of Environment Canterbury. These are the Christchurch City Council and the District Councils of Ashburton, Hurunui, Kaikōura, Mackenzie, Selwyn, Timaru, Waimakariri, Waimate and Waitaki. You will see the Environment Canterbury portion of your rates noted on our rates notice from the territorial authority where your property is located.

Penalties shall be added to the balance of the rates instalments levied in the current financial year that remain unpaid after the date fixed by the territorial authorities collecting rates and to the balance of rates levied in any previous financial year.

### Application of funding principles to the funding of operating and capital expenditure for each activity

Community outcomes activity contributes to	Distribution and period of benefits	External factors influencing activity	Rationale of the costs and benefits of distinct funding for the activity
AIR QUALITY OPERATING AND CAPITAL FUNDING SOURCES:			
<b>Environmental monitoring and progress reporting, Cleaner Home Heating, Non-Domestic Emissions</b>			
We can breathe clear air, play and swim in the rivers, gather mahinga kai, benefit from the productive use of our land, and enjoy Canterbury’s unique biodiversity taonga and landscapes.	Individuals and the community benefit from improved burning practices by households and better management of odour and dust, reducing air pollution.  These benefits will accrue immediately and in future years.	Individual households burning wood for home heating account for at least 50% of emissions, industries discharging pollutants to air, land owners causing odour, nuisance and dust emissions are all contributing to air quality issues across the region.	The provision of the air quality activity is considered to be a public good from which the community as a whole will benefit. There are many high pollutant areas, which require attention to meet clear air standards. Consequently, it is considered equitable for these areas to provide a greater contribution reflecting this. Currently, this is 40% by a uniform annual general charge and 60% by one targeted rate levied across all the polluted areas which include Rangiora, Kaiapoi, Christchurch, Ashburton, Timaru, Geraldine and Waimate. In addition, a separate heating assistance programme focusing on the identified polluted areas will be fully funded by a targeted rate over these areas. All other operating works will be funded from general rates. Capital costs are minor and are funded from general rates or borrowing for efficiency reasons. A home insulation loan scheme has been introduced that ratepayers can access to fund insulation and low emission burners costs via their rates.

Community outcomes activity contributes to	Distribution and period of benefits	External factors influencing activity	Rationale of the costs and benefits of distinct funding for the activity
<b>BIODIVERSITY AND BIOSECURITY ACTIVITY:</b>			
<b>Biodiversity (Regional Biodiversity, Braided Rivers and Wetlands), Biosecurity</b>			
<p>We can breathe clear air, play and swim in the rivers, gather mahinga kai, benefit from the productive use of our land, and enjoy Canterbury's unique biodiversity taonga and landscapes.</p> <p>We can all help shape the future of Canterbury, leaving a legacy for generations to come.</p>	<p>Individuals and the community benefit from improved amenity and retention of productive values of land, reducing adverse effects on natural resources.</p> <p>Furthermore, the regional community benefits from protecting biodiversity by the containment of plant and animal pests.</p> <p>Benefits accrue both in the immediate and long term.</p>	<p>Individuals and the community who undertake practises which are detrimental to the environment or who wish to foster and enhance the environment are influencing factors.</p> <p>In addition, the community who benefit from the active control of animal and plant pests and the protection of our region's unique ecosystems.</p>	<p>The provision of biodiversity and biosecurity activities is considered to be a public good; however, there can be a private element of benefit, with plant and animal pest monitoring and inspection, incursion response, advocacy, investigations and pathway management. Therefore, such costs will be funded equally from a mix of general and targeted rates (unless otherwise agreed within rating districts). All other operating activities to be funded from general rates.</p> <p>Capital costs are minor and are funded from general rates or borrowing for efficiency reasons. All pest rates (except in Banks Peninsula) will be levied on a regional basis for all rural classified properties with 50% funded via a targeted rate based upon 20% land area and 80% land value, the remaining 50% funded via general rates. Existing pest reserves would be used for relevant projects in the future but not replenished by rates. The replacement of the Banks Peninsula Community Initiative Programme rate with a new rate for Pest Free Banks Peninsula in 2019/20. The Pest Free Banks Peninsula rating area is to cover all properties within the Pest Free Banks Peninsula geographic boundary and a wider range of pests. The funding is 50% funded via a targeted rate based on 20% land area and 80% land value and 50% funded via general rates.</p>
<b>FRESHWATER MANAGEMENT ACTIVITY:</b>			
<b>Canterbury Water Management Strategy facilitation, regional water infrastructure support, RMA water framework, environmental monitoring and progress reporting, zone and regional delivery, Te Waihora:</b>			
<p>We can breathe clear air, play and swim in the rivers, gather mahinga kai, benefit from the productive use of our land, and enjoy Canterbury's unique biodiversity taonga and landscapes.</p> <p>We can all help shape the future of Canterbury, leaving a legacy for generations to come.</p> <p>We have access to the information we need to be resilient in the face of short term hazards and well prepared for longer-term change to our region's natural environment.</p>	<p>The benefits of these projects will accrue to water management zones as the study progresses.</p> <p>All benefits accrue immediately and in future years when data is used as input into regional plans and to assist with resource consents.</p> <p>The benefit accrues immediately.</p>	<p>Council is required to carry out environmental works as part of the Resource Management Act 1991.</p> <p>The regional community in general expects a clean and plentiful water supply.</p> <p>Individuals and the community who undertake practises which are detrimental to the environment or who wish to foster and enhance the environment are influencing factors.</p>	<p>An effective water management strategy is a public good. The regional community benefits from improved ecosystem health and water quality and enhanced recreational opportunities by understanding the risks to and the pressures on water resources so that informed resource management decisions can be made in consultation with the community.</p> <p>This work is to be funded by a general rate over the whole region, with targeted rates levied to fund zone specific priorities.</p> <p>Capital costs are minor and are funded from general rates or borrowing for efficiency reasons. Targeted rating areas for each water zone have been established. The purpose of which is to enable the funding of activities which are not delivered under the regional programme and which are specific to that geographic area.</p>

Community outcomes activity contributes to	Distribution and period of benefits	External factors influencing activity	Rationale of the costs and benefits of distinct funding for the activity
<b>TRANSPORT AND URBAN DEVELOPMENT:</b>			
<b>Public transport, regional transport and urban development</b>			
<p>We can live, travel, and move goods with ease, within and to/from the region, facilitating work, leisure and tourism.</p>	<p>The regional community benefits from the provision of an affordable, integrated, safe, responsive and sustainable transport system.</p> <p>When public transport is provided there is community and individual benefit from reduced congestion and improved road safety. Individuals benefit from being able to travel and access the community when they might otherwise not be able to do so. The benefits accrue immediately.</p>	<p>Need is created by the entire community in the desire for an integrated transport network.</p> <p>Need is created to reduce individual vehicle movements to free up the roading network and to create health benefits through reduced vehicles emissions for the community.</p> <p>This service offers a transport option to those individuals without a vehicle.</p> <p>Individuals who are unable to access the public transport services require an alternative door to door service called total mobility.</p>	<p>Regional transport management is a public good. The regional community benefits from an integrated regional transport network and therefore a general rate has been applied. There is an individual fee in the Fees and Charges Policy for stock effluent disposal.</p> <p>For all contracted bus services, the aim is for fares to cover at least 50% per cent of the cost of individual services with the balance funded 24% from targeted rates (Waimakariri and Selwyn 29%) and 26% Government grants. Some communities may elect to pay a higher/lower targeted rate in return for greater/lesser services. The total mobility schemes assist eligible people with a permanent disability or impairment to access appropriate transport to enhance their community participation. This assistance is provided in the form of a subsidised door-to-door transport services wherever the scheme transport providers operate. Eligible customers present their Total Mobility smart card to access a 50% discount on eligible door-to-door transport, up to a maximum of \$35 per trip.</p> <p>All other work is to be funded 49% targeted rates over for areas receiving services and 51% from Government grants. This percentage is subject to changes from Government policy.</p> <p>Capital costs are minor and are funded from general rates or borrowing for efficiency reasons.</p>
<b>HAZARDS, RISK AND RESILIENCE:</b>			
<b>Climate change integration</b>			
<p>We have access to the information we need to be resilient in the face of short-term hazards and well prepared for longer-term change to our region's natural environment.</p>	<p>The regional community benefits from being informed and educated on how to become more risk literate and resilient to climate change. The benefits accrue immediately and into the future.</p>	<p>Need is created by the community trying to understand climate change and its impact on their current and future environment</p>	<p>Climate change integration is considered a public good. The regional community benefits from being better informed and regional decision making considered climate change effects and therefore a general rate has been applied.</p>
<b>Contaminated land, hazardous substances and waste</b>			
<p>We have access to the information we need to be resilient in the face of short-term hazards and well prepared for longer-term change to our region's natural environment.</p>	<p>Individuals mainly benefit from reduced contaminates on their land. The community benefit if they are in the vicinity of the site with a cleaner environment.</p> <p>The benefits accrue immediately and into the future.</p>	<p>Individuals and the community who undertake practises which are detrimental to the environment or who wish to foster and enhance the environment are influencing factors.</p>	<p>Identifying, monitoring and responding to contaminated land, hazardous substances and waste inquiries is considered a public good. The regional community benefits from a cleaner environment informed and therefore a general rate has been applied.</p> <p>Where evidence permits, council will seek to charge the exacerbator.</p> <p>Some external grant funding has been obtained for specific projects.</p>

Community outcomes activity contributes to	Distribution and period of benefits	External factors influencing activity	Rationale of the costs and benefits of distinct funding for the activity
<b>Natural hazards</b>			
<p>We have access to the information we need to be resilient in the face of short-term hazards and well prepared for longer-term change to our region's natural environment.</p>	<p>Individuals and the community benefit from reduced risk to property, projection losses and loss of life. The benefits accrue immediately and into the future.</p>	<p>Need is created by the environment, which is subject to natural hazards and by individuals and the communities who live or plan development in at risk areas.</p>	<p>Hazard management is primarily a public good. There is a community wide benefit arising from hazard management activities which includes, hazard identification, climate change integration and risk reduction analysis through the region. This region wide activity is funded via general rate. Where there are clear benefactors who require a higher level of protection there are variety of differential targeted rates for their river or drainage scheme.</p> <p>There are some user pays services which are specific for an individual and these services are detailed in the Fees and Charges policy.</p> <p>Capital costs are minor and are funded from general rates or borrowing for efficiency reasons.</p>
<b>Navigation and recreational boating safety</b>			
<p>We have access to the information we need to be resilient in the face of short-term hazards and well prepared for longer-term change to our region's natural environment.</p>	<p>The regional community benefits from safer coastal areas for recreation.</p> <p>Commercial and recreational users benefit from safe water transport. The benefits accrue immediately and into the future.</p>	<p>Need is created by boat users who undertake practises which don't comply with the Navigation Safety Bylaw.</p>	<p>The provisions of harbour safety and navigation services provide both public and private benefits. The public, including small vessel recreational users benefit from the provisions of these services. User charges are levied on larger vessel and coastal structure owners, who are direct beneficiaries of the services. Recreational boat safety is considered of benefit to everyone in the region and this benefit is not linked to capital value and therefore a uniform annual general charge was considered appropriate. All remaining operational costs are funded from general rates. Capital costs are minor and are funded from general rates or borrowing for efficiency reasons.</p>
<b>Flood protection and control works</b>			
<p>We have access to the information we need to be resilient in the face of short-term hazards and well prepared for longer-term change to our region's natural environment.</p>	<p>The community benefits from the reduction in damage to infrastructure. Land owners benefit from reduction in property damage. Furthermore, individuals and the community benefit from the recreation and leisure opportunities regional park areas provide.</p> <p>The community benefits from the protection and enhancement of biodiversity and natural habitat. The benefits accrue immediately and into the future.</p>	<p>Need is created from the public and individuals who benefit from reduced incidence of damage from flood events.</p> <p>In addition, individuals and the community who undertake practises which are detrimental to the environment or who wish to foster and enhance the environment are influencing factors.</p>	<p>Flood protection and control works are considered to be a private and public good. Where specific works are carried out, these works provide a greater benefit to identifiable individuals and groups of individuals. The allocation of general and targeted rates for each rating district will be allocated based on its own funding policy, in consultation with the community. This promotes accountability and affordability as residents and businesses consider the cost of flood protection works against the level of risk.</p> <p>Capital costs may be funded through borrowing for major projects.</p>

Community outcomes activity contributes to	Distribution and period of benefits	External factors influencing activity	Rationale of the costs and benefits of distinct funding for the activity
REGIONAL LEADERSHIP:			
<b>Governance &amp; engagement, strategy &amp; direction, Ngāi Tahu &amp; regional relationships, long term community planning, plans, consenting &amp; compliance and our information &amp; advice</b>			
<p>We can all help shape the future of Canterbury, leaving a legacy for generations to come.</p>	<p>The community benefit from, and contribute to, the council's decision-making process. This includes an open and transparent decision-making process. The benefits occur mainly within the year in which the expenditure is incurred.</p> <p>Consent holders benefit directly from gaining compliance and holding a consent. The regional community benefits as there is assurance that activities requiring consent are in accordance with regional policies and the Resource Management Act 1991.</p> <p>The local and regional community benefit from environmental protection via the monitoring, enforcement and clean up action carried out by the council. All benefits accrue immediately once the consent is issued. Although, there are future benefits throughout the life of the consent.</p>	<p>The community direct Council through the consultative and election process.</p> <p>Legislative requirements mandate engagement with the community including involving Ngāi Tahu in decision making.</p> <p>Need is created by applicants seeking consent under the Resource Management Act 1991 or Building Act 2004.</p>	<p>Appropriate engagement with the community ensures a greater awareness and understanding of regional issues, where the Council can make informed decisions.</p> <p>Community representation and engagement is a public good. The cost of engagement, including member fees and election expenses is to be funded from a uniform annual general charge. This is because it is considered this benefit accrues to individuals equally.</p> <p>Resource consent applications are a largely private good; therefore, the associated processing costs are to be fully funded by the applicant.</p> <p>The cost of funding any charges that cannot be reasonably passed on to consent applicants including the provision of an administrative framework, is to be fully funded from general rates as the community receives an indirect benefit. Compliance monitoring is required because of the actions or inactions of individuals; compliance provides an indirect benefit to the public. The allocation of costs to those who cause such costs, through fees and charges ensures our environment is maintained in accordance with consent conditions, encouraging sustainable use of resources.</p> <p>All other operational costs are fully funded from general rates. The contribution of the public to the decision-making process is valuable as it ensures public expectations are known and considered and promotes public accountability of council. This funding source is deemed to be the most efficient and equitable.</p> <p>Capital costs are minor and are funded from general rates or borrowing for efficiency reasons.</p>

The following table shows whether the funding principles as per LGA S101 3 (a) generally apply to Groups of Activities and Activities, and which funding mechanism Council has therefore determined to be appropriate.

The table shows the main funding sources for each activity, notwithstanding this, Grant, Interest on Reserves and third-party Other revenue will also be utilised to fund any Activity whenever possible in order to reduce the burden on ratepayers.

SUMMARY OF FUNDING POLICIES					
Portfolio - (Groups of Activities)  Programme - (Activities) Sub Activity	Costs and benefits of funding	User/beneficiary pays principle	Intergenerational equity principle	Exacerbator pays	Policy
<b>Air Quality</b>					
Reducing domestic emissions	√	×	×	×	40% UAGC 60% targeted rate
Cleaner forms of home heating	√	√	×	×	Borrowing Voluntary targeted rate
Non-domestic emissions	√	×	×	×	40% UAGC 60% targeted rate
Air Quality Monitoring and Progress Reporting	√	×	×	×	40% UAGC 60% targeted rate
<b>Biodiversity and biosecurity</b>					
Regional Biodiversity	√	×	×	×	General rate
Biosecurity	√	×	×	×	50% general 50% targeted (80% land value, 20% land area) Grant
Wetlands	√	×	×	×	General rate
Braided rivers	√	×	×	×	General rate
<b>Freshwater management</b>					
CWMS Facilitation	√	×	×	×	General rate Targeted rate
Regional Water Infrastructure	√	×	×	×	General rate Targeted rate
RMA Water Framework	√	×	×	×	General rate Targeted rate
Environmental monitoring and progress rep	√	×	×	×	General rate Targeted rate
Te Waihora	√	×	√	×	General rate Borrowing
Zone and regional delivery	√	×	×	×	General rate Targeted rate
<b>Hazards, risk and resilience</b>					
Coastal environment and hazards	√	√	×	√	General rate
Contaminated land, hazardous substances, and waste	√	×	×	×	General rate User pays/Other Grant
Emergency management	√	√	×	×	Targeted rate User pays/Other Grant
Dams	√	×	×	×	User pays/Other General rate

SUMMARY OF FUNDING POLICIES					
Portfolio - (Groups of Activities)  Programme - (Activities) Sub Activity	Costs and benefits of funding	User/beneficiary pays principle	Intergenerational equity principle	Exacerbator pays	Policy
<b>Flood protection and control works</b>					
Comprehensive River Schemes	√	√	√	×	15% general rate 15% uniform targeted rate 70% differential targeted rate Borrowing
Localised River Schemes	√	√	√	×	5% general rate 20% uniform rate 75% differential targeted rate
Drainage Schemes	√	√	×	√	5% general rate 15% uniform targeted rate 80% differential targeted rate
Community Drainage Schemes	√	√	×	√	Various - agreed with community: General rate Targeted rate  Differential targeted rate User pays/Other
Land Management	√	√	×	×	User pays/Other
Natural Hazards	√	×	×	×	General rate
Navigation and recreational boating safety	√	×	×	×	General rate
Recreational Boating Safety - General	√	×	×	×	UAGC
Climate change integration	√	×	×	×	General rate
<b>Regional leadership</b>					
Our Information and Advice	√	×	×	×	UAGC General rate User pays/Other Grant
Governance and Engagement	√	×	×	×	UAGC
Long-Term Community Planning	√	×	×	×	UAGC
Ngai Tahu and Regional Relationships	√	×	×	×	General rate
Strategy and Direction	√	×	×	×	General rate
Plans, Consenting and Compliance	√	√	×	×	General rate

SUMMARY OF FUNDING POLICIES					
Portfolio - (Groups of Activities)  Programme - (Activities) Sub Activity	Costs and benefits of funding	User/beneficiary pays principle	Intergenerational equity principle	Exacerbator pays	Policy
<b>Transport and urban development</b>					
Community Transport	√	√	×	×	40% Targeted rate 60% Grant
Greater Christchurch Metro South Canterbury Metro	√	√	×	×	50% User pays/ Other
Greater Christchurch Urban Development Strategy	√	×	×	×	50% User pays/ Other  24% targeted rate (Waimakariri and Selwyn 29%)  26% Grant
Land Transport	√	×	×	×	General rate Grant User pays/Other

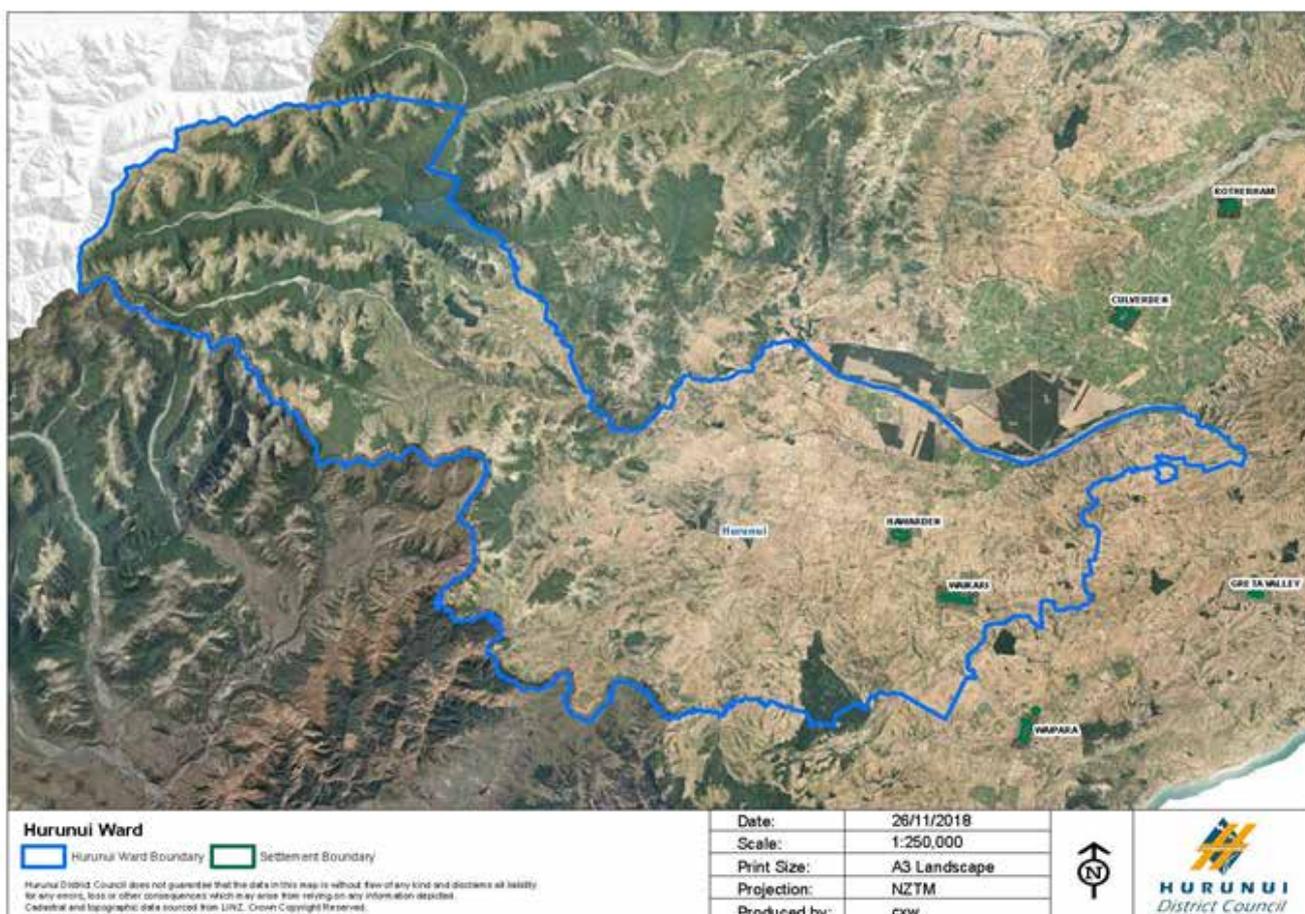
# Changes to Rating Areas

There are some minor changes to rating areas in this Long-Term Plan. These are shown on maps below and more detailed GIS data can be accessed at <https://mapviewer.canterburymaps.govt.nz>.

## Public Transport Rating Areas

We support community vehicle trusts through grants so they can provide transport in areas outside of our urban public transport network.

A new targeted rating area now exists for the Hurunui Community Vehicle Trust. Properties in this rating area will be levied at \$5.57 per rating unit (as a uniform targeted rate), total rates revenue of \$5,140.

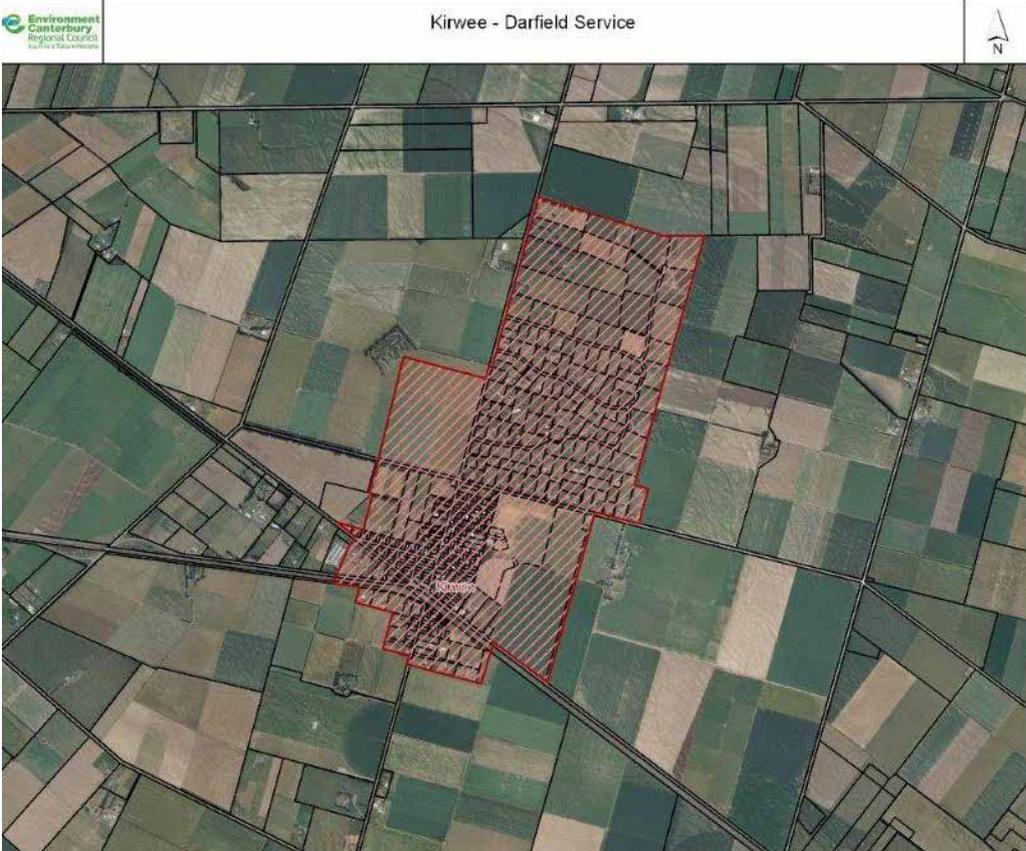


A new targeted rating area now exists for the Darfield to Christchurch bus service. Properties in this rating area will be levied at \$16.28 per rating unit (as a uniform targeted rate), with a total rates revenue of \$40,735.

There are three separate portions of the Darfield bus service targeted rating area. The map below shows the Darfield portion.



This map shows the Kirwee portion of the Darfield bus service targeted rating area.



This map shows the West Melton portion of the Darfield bus service targeted rating area.

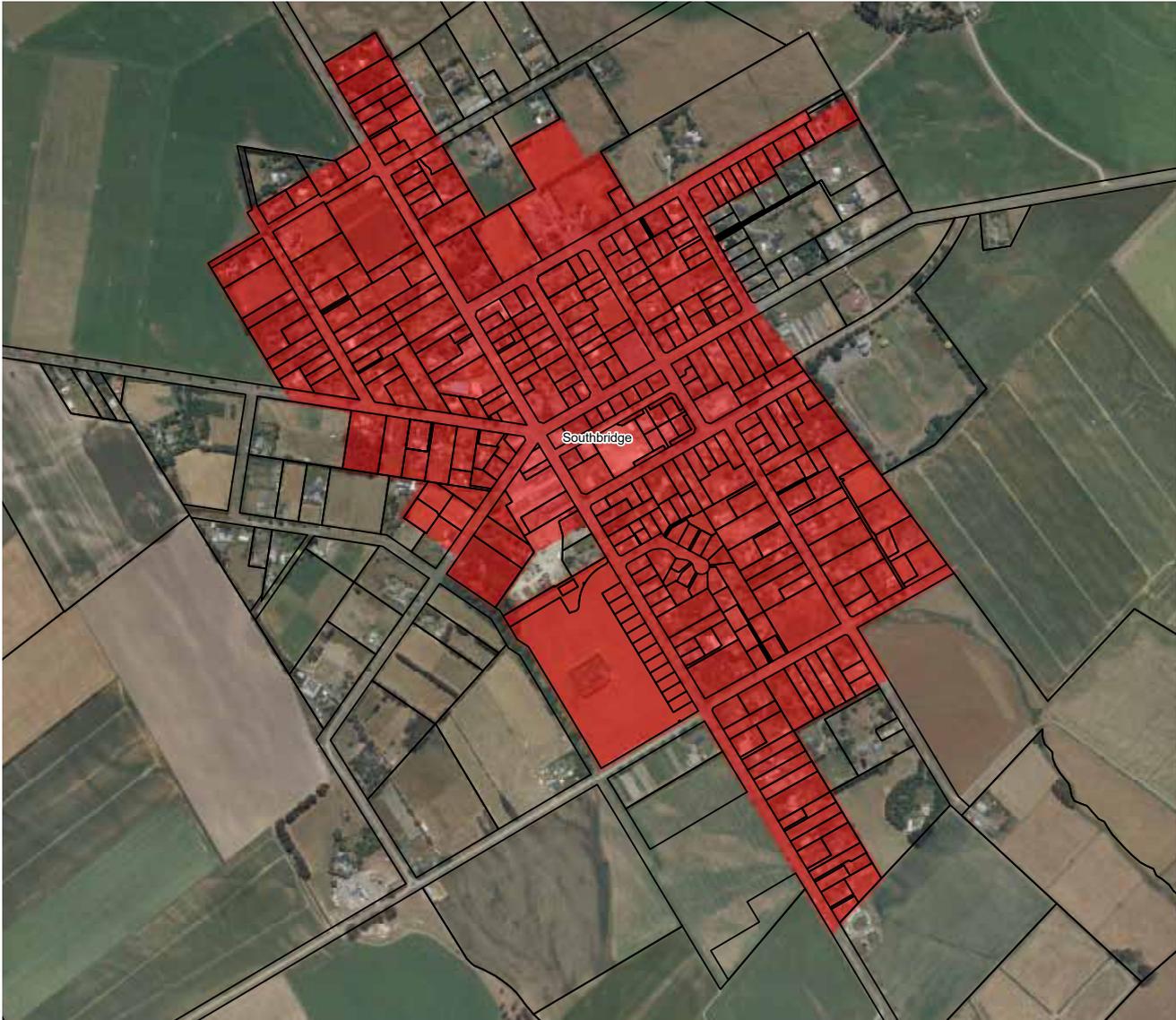


A new targeted rating area now exists for the Leeston to Christchurch bus service. Properties in this rating area will be levied at \$28.11 per rating unit (as a uniform targeted rate), with a total rates revenue of \$40,735.

There are three separate portions of the Leeston bus service targeted rating area. The map below shows the Leeston portion.



This map shows the Southbridge portion of the Leeston bus service targeted rating area.



This map shows the Doyleston portion of the Leeston bus service targeted rating area.



# Pest Rating Area

In the 2018-28 Long-Term Plan we consolidated the existing targeted rating areas (where a specific group pays a rate for a direct benefit) into a single targeted rate across all rural land.

The rating mechanism was set at 50% through a general rate contribution and 50% to come via a targeted rate (based on 50% land value and 50% land area).

The split between land value and land area has been amended from 50%/50% to 80%/20%.

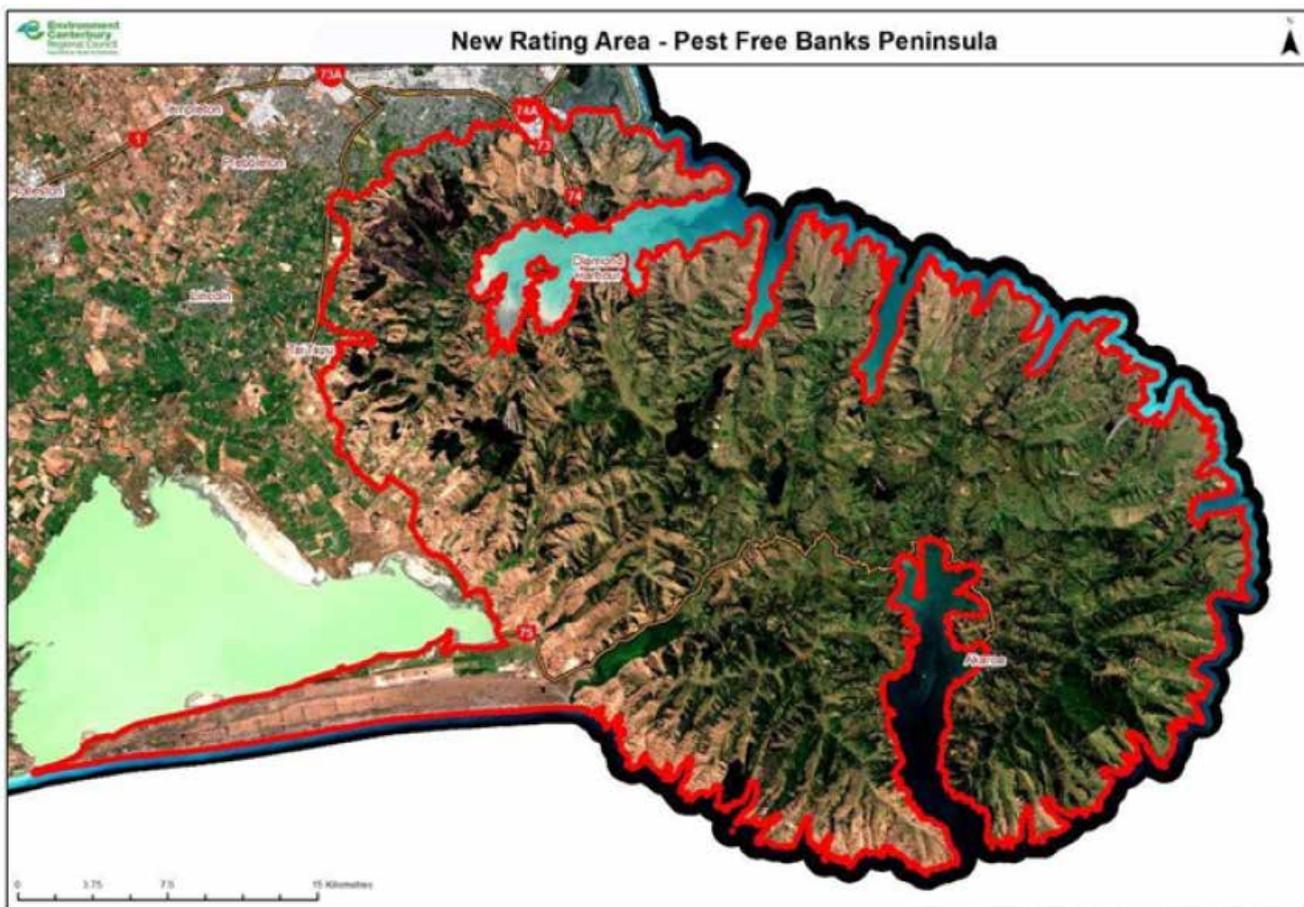
This is not a new rate. It is a change to the rates calculation basis.

# Pest Free Banks Peninsula Rate

The 2018-28 Long-Term Plan signalled the investigation of the feasibility of expanding the Banks Peninsula Community Initiative Programme rate. The Banks Peninsula Community Initiative Programme rate is replaced with a Pest Free Banks Peninsula rate.

A combination of general and targeted rates for Pest Free Banks Peninsula is made up of 50% general rate and 50% targeted rate (based on 80% land value and 20% land area) consistent with Environment Canterbury funding principles.

The targeted rate will be collected from all rateable property types in the proposed new rating area below. This includes the Port Hills, Banks Peninsula and Kaitorete Spit. The initiative will produce immediate private benefit to Port Hills and Banks Peninsula landowners and occupiers and longer-term public benefit from both thriving indigenous flora and fauna which will have flow-on effects for the region, and amenity benefits.





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