

The below red paragraphs should be inserted into the Revenue & Financing Policy at the bottom of page 4 and top of page 5 of the Draft policy in Wednesday's agenda.

Harbour Special Operator targeted rate

Having considered the requirements of section 101(3) of the Local Government Act (2002), being the first and second step considerations described at the start of this policy, the Council considers that certain harbour operators benefit from, and contribute to need for, the harbour activities at South Bay. The Council has concluded from its s101(3) analysis that certain "Special Operators" have exclusive – or predominantly exclusive – use over some areas of the harbour that other users do not, and that a targeted rate for these special operators ensures they contribute to the current and future social, economic, environmental and cultural well-being of the community. The Council has therefore provided for a Harbour Special Operator rate in the Revenue and Financing Policy.

The South Bay harbour costs will be recovered from the following sources

Fees & charges (slipway fees, boat parking fees, cruise ship fees)	50%
Harbour special operator rate (see note below)	30%
Commercial rate	10%
Harbour Differential rate (urban/semi-rural/rural)	10%

The special operators will also be subject to any user fees that would also normally apply to their use of the harbour, such as boat parking and slipway fees. These special operators will also be subject to the commercial rate as would any other commercial operator, because their commercial business also benefits from the general activities of the harbour the same as any other business, and the portion of the commercial rate that would fund the harbour is insignificant in dollar terms. The special operators would not, however, be subject to the Harbour Differential rate as the Special Operator Rate applies in lieu of the Harbour Differential rate.

Special operator rate note

When the Council considered the overall costs of operating the South Bay Harbour it included consideration of those operators that have exclusive or sole operational areas of parts of the harbour, including jetties, seawalls, bus parking and supporting areas. While those jetties are not in the "ownership" of Council, they are attached to Council assets and without those Council assets, the jetties and other assets could not be used by the operators. It acknowledged that the exclusive use is at the detriment to other users. In considering the assessing of a special rate for those operators that have exclusive use, the Council considered those operators were making a commercial return from having exclusive use of the harbour. It is also acknowledged that there are other commercial users that do not have exclusive use, but those users pay an appropriate fee for the use of either the land by way of licence or by way of slipway fee. Those other commercial users do not have exclusive use of the slipway or any other facility within the harbour areas.

While at this stage two special operators have been identified, any further operators that are deemed to have sole use of harbour areas and/or exclusive use of Council assets would also be subject to the special operator rate. The special operators will be rated in proportion of the area used.

Commercial rate and Harbour differential rate note

The Council also acknowledges that all commercial properties in the district benefit from the harbour operations, particularly in the economic inflows generated by our iconic marine-based tourism activity, and also that the wider community benefits from harbour operations are predominantly aligned with their proximity to the harbour.