

Sludge Finance LP IFF Levy Postponement Policy

Pursuant to section 76 of the Infrastructure Funding and Financing Act 2020 (**Act**) and clause 9.1 of the IFF Funding and Administration Agreement between Sludge Finance LP (**Sludge Finance**) and Wellington City Council (**Council**), the following policies (the **IFF Levy Postponement Policy**) will apply to any levy authorised under the Infrastructure Funding and Financing (Wellington Sludge Minimisation Facility Levy) Order 2023 (**Levy Order**) and any associated penalties (**IFF Levy**).

This IFF Levy Postponement Policy is effective from 1 July 2024 and will only be altered by agreement between Sludge Finance and Council. This policy can be reviewed by Sludge Finance and Council at any time.

This IFF Levy Postponement Policy refers to, and adopts, Council's rates postponement policy as set out in 2021- 2031 Long-Term Plan – Financial Policies and will continue in place with reference to any future or amended rates postponement policy, subject to the provisions set out below (**Rates Postponement Policy**). If there is any inconsistency between this IFF Levy Postponement Policy and the Rates Postponement Policy, this IFF Levy Postponement Policy will prevail.

1. ADOPTION OF RATES POSTPONEMENT POLICY

- a. This document comprises Sludge Finance's IFF Levy Postponement Policy.
- b. Subject to this section and section 2 below, Sludge Finance hereby adopts the Rates Postponement Policy to apply as the IFF Levy Postponement Policy. If the Rates Postponement Policy is varied by Council, this IFF Levy Postponement Policy will be varied in an equivalent way, subject always to the specific overlays set out in section 2.
- c. The IFF Levy Postponement Policy is Sludge Finance's policy and is not a Council policy. Council's role is only in the operational implementation of the IFF Levy Postponement Policy. The deviations from the Rates Postponement Policy are for the benefit of, and have been requested by, Sludge Finance.
- d. For the purposes of this IFF Levy Postponement Policy, references in the Rates Postponement Policy:
 - i. to Council will be construed as references to Sludge Finance; and
 - ii. to Rates will be construed as references to IFF Levy.
- e. In addition:

- i. **Intended Annual Levy** has the meaning given to the term “Sludge Intended Annual Levy’ in the Levy Order;
- ii. **Levy Year** means any 12 month period from 1 July until 30 June, with the first Levy Year commencing on 1 July 2024 and the last Levy Year concluding on 30 June 2057, subject to adjustment under section 52 of the Act; and
- iii. **Sludge Levy Period** has the meaning given to that term in the Levy Order.

2. **SPECIFIC OVERLAYS**

Sludge Finance’s adoption of the Rates Postponement Policy to apply as the IFF Levy Postponement Policy is subject to each of the paragraphs below:

- a. Nothing in this IFF Levy Postponement Policy or the Rates Postponement Policy authorises Council or any Council officer or representative of any nature to:
 - i. make a decision or exercise a discretion in relation to an IFF Levy in a way that is inconsistent with this IFF Levy Postponement Policy; or
 - ii. undertake or exercise any role or discretion explicitly reserved or granted to Sludge Finance under this IFF Levy Postponement Policy.

Sludge Finance may authorise any person or party in writing (including but not limited to Council and CIP Services Limited) to undertake any of its roles under this IFF Levy Postponement Policy.

- b. IFF Levy may only be postponed where the equivalent portion of Rates otherwise payable by a Ratepayer is also postponed (i.e., there is no situation where IFF Levy is postponed and Rates is not postponed).
- c. IFF Levy can only be postponed prior to or in the Levy Year in which IFF Levy is due and payable.
- d. No more than 0.2% of the Intended Annual Levy for any Levy Year may be postponed (in aggregate across all postponed amounts with respect to the first Levy Year in which amounts are postponed) without Sludge Finance’s prior written approval.
- e. IFF Levy may not remain postponed for a period:
 - i. beyond the end of the Sludge Levy Period; or
 - ii. longer than six Levy Years (commencing with the first Levy Year in which the amount is postponed),

whichever period is shorter, without Sludge Finance's prior written approval (**Maximum Period of Postponement**).

- f. Where Council has written off Rates which have been postponed for the maximum period, as set out in the Rates Postponement Policy, Sludge Finance agrees that, on the terms agreed between Sludge Finance and Council, it will write off postponed IFF Levies at the end of the Maximum Period of Postponement on corresponding Rating Units, subject to such IFF Levies (in aggregate) not being greater than 0.2% of Annual Levy for the Levy Year relevant to those IFF Levies (or such greater percentage of the Annual Levy as agreed to by Sludge Finance on request from the Council).
- g. The postponement fee that must be applied to any IFF Levy that is postponed is an amount equal to [8%] per annum, compounding annually from the date of postponement, for each year IFF Levy is postponed (representing Sludge Finance's initial cost of capital plus reasonable administrative costs).
- h. Unless otherwise agreed by Sludge Finance and Council, either on a case by case or class by class basis, IFF Levy may only be postponed if Council has assessed that the Levy payer's equity in the relevant property is likely to be sufficient to meet the full amount of Rates, and IFF Levy, together with their respective postponement fees and a prudent contingency, over the Maximum Period of Postponement.