

Sludge Finance LP IFF Levy Remission 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 Remission 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 Remission Policy is effective from 1 July 2024 and will be 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 Remission Policy refers to, and adopts, Council's rates remission 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 remission policy, subject to the provisions set out below (**Rates Remission Policy**). If there is any inconsistency between this IFF Levy Remission Policy and the Rates Remission Policy, this IFF Levy Remission Policy will prevail.

1. ADOPTION OF RATES REMISSION POLICY

- a. This document comprises Sludge Finance's IFF Levy Remission Policy.
- b. Subject to this section and section 2 below, Sludge Finance hereby adopts the Rates Remission Policy to apply as the IFF Levy Remission Policy. If the Rates Remission Policy is varied by Council, this IFF Levy Remission Policy will be varied in an equivalent way, subject always to the specific overlays set out in section 2.
- c. This IFF Levy Remission 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 Remission Policy. The deviations from the Rates Remission Policy are for the benefit of, and have been requested by, Sludge Finance.
- d. For the purposes of this IFF Levy Remission Policy, references in the Rates Remission 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; and
- 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

2. SPECIFIC OVERLAYS

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

- a. The Rates Remission Policy includes the remission categories set out below. These are only adopted as the IFF Levy Remission Policy to the extent set out in the following table:

Category of remission	Applies to IFF Levy	Does not apply to IFF Levy
Rural open space remission	x	✓
Remissions on land used principally for games or sport	x	✓
Remissions of targeted rates on property under development or earthquake strengthening	x	✓
Remission of metered water rates	x	✓
Remission of rates for buildings removed from the Earthquake Prone Buildings List	x	✓
Remission for natural disasters and emergencies	✓	x
Remission for first home builders	x	✓
Special circumstances remission	✓	x

- b. Nothing in this IFF Levy Remission Policy or the Rates Remission 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 Remission Policy; or
 - ii. undertake or exercise any role or discretion explicitly reserved or granted to Sludge Finance under this IFF Levy Remission 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 Remission Policy.

- c. IFF Levy may only be remitted where the equivalent portion of Rates otherwise payable by a Ratepayer is also remitted.
- d. Any penalty component of the IFF Levy (**Levy Penalties**) can only be remitted where all of the following conditions are met:
 - i. the Levy Penalties relate to the then current Levy Year;
 - ii. the relevant Levypayer has made all payments under a payment plan (consistent with the collection methodology agreed between Council and Sludge Finance);
 - iii. Sludge Finance has not been involved in undertaking recovery action against the relevant Levypayer; and
 - iv. the aggregate of all Levy Penalties remitted in any Levy Year will not exceed 0.5% of the Intended Annual Levy for that Levy Year (disregarding Levy Penalties remitted within 25 days after the due date, to which the cap above will not apply) without Sludge Finance's prior written approval. Council may seek Sludge Finance's approval to a variation to this cap at any time and Sludge Finance must act reasonably (taking into account amongst other things matters of hardship alleviation as well as any impact on Sludge Finance's ability to service its debts) in considering any such request.
- e. The aggregate IFF Levy remissions in any Levy Year cannot exceed 6% of the Intended Annual Levy for that Levy Year or such other limit agreed to by Sludge Finance in writing for that Levy Year.