

# Part Five

Te Wahanga Tuarima

## Council Policies

This section highlights important policies that guide Council's direction



# Council Policies

## Introduction

This section contains the policies that guide Council decision making and the management of Council business as required by the Local Government Act 2002. (LGA) The policies are:

**Policy: Significance and Engagement**

This policy guides council when making decisions of importance to the community.

**Policy: Revenue and Financing**

This policy identifies how Council allocates the costs of its activities against available sources of funds, including rates and charges.

**Policy: Rates Remission on General Land**

This policy outlines the parameters and circumstances under which Council will consider rate relief on general land.

**Policy: Rates Remission on Māori Freehold Land**

This policy outlines the parameters and circumstances under which Council will consider rate relief on Māori Freehold land.

**Policy: Rates Postponement on Māori Land**

This policy outlines the parameters and circumstances under which Council will consider rates postponement on Māori Land.

**Policy: Postponement of Rates in Cases of Extreme Hardship**

This policy outlines the parameters and circumstances under which Council will consider rates postponement in cases of extreme hardship.

**Policy: Development Contributions and Financial Contributions**

This policy is to enable a contribution from developers towards the construction of new recreation facilities and the seal extension programme.

**Policy: Treasury Risk Management Policy and Procedures – including Liability Management and Investment Policies**

This policy outlines approved policies and procedures in respect of all treasury activity to be undertaken by Council. This enables treasury risks within Opotiki to be prudently managed.

## Policy: Significance and Engagement

### Purpose and Scope

1. To enable Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities.
2. To provide clarity about how and when communities can expect to be engaged in decisions made by Council.
3. To inform Council from the beginning of a decision-making process about the extent, form and type of engagement required.

### 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 decisions made by or on behalf of Council including those made by officers under delegation..
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.
Significant and Significance	As defined in Section 5 of the LGA 2002 <i><b>Significance</b>, 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, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for, -</i> <ol style="list-style-type: none"> <li>(a) The district or region;</li> <li>(b) Any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter;</li> <li>(c) The capacity of the local authority to perform its role, and the financial and other costs of doing so</li> </ol> <i><b>Significant</b>, in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance</i>
Strategic Asset	A list of Strategic Assets of the Ōpōtiki District Council is contained in Schedule 1 of this policy. For the purpose of the Policy, the Council considers its strategic assets as a whole, because it is the asset class as a whole that delivers the service.

### Policy

4. In considering the degree of significance of every issue requiring a decision, Council will be guided by the following:

- The potential effect on delivering Council's strategic aspirations
  - How the decision aligns with historical Council decisions
  - The likely impact of the decision on present and future interests of the community, recognising Māori culture values and their relationship to land and water
  - The level of community interest in the decision and whether community views on the issue are already known
  - The possible implications of reversing the decision with regard to the Council's capacity to perform its role
5. On every issue requiring a decision, Council will consider the degree of significance and the corresponding level of engagement.
  6. In general, the more significant an issue, the greater the need for community engagement. However, consideration will also be given to appropriate levels of engagement for those issues that, while of community interest, do not exceed the criteria for determining Significance.
  7. Engaging with the community is key to understanding the views and preferences of people likely to be affected by or who have an interest in a particular issue. Accordingly significance and engagement will be considered in the early stages of a proposal before decision making occurs and, if necessary, reconsidered as a proposal develops.
  8. Council is required to undertake a special consultative procedure as set out in Section 83 of the Local Government Act 2002 on certain matters (regardless of whether they are considered significant as part of this policy).
  9. Differing levels of engagement may be required during the varying phases of decision-making on an issue, and for different stakeholders.
  10. Joint Management Agreements, Memorandum of Understanding or any other similar high level agreements can be considered as a starting point when engaging with various bodies, including Māori.
  11. The Community Engagement Guide (attached as Schedule 2) identifies the form of engagement Council uses to respond to some specific issues. It also provides examples of types of issues and how and when communities could be expected to be engaged in the decision making process.

#### Criteria for Determining Significance

12. The following criteria will be used to determine whether the proposal or decision being considered by the Council is significant. If an issue exceeds one or more of the following criteria, the matter is more likely to have a high degree of significance.

- Any transfer of ownership or control, or the construction, replacement or abandonment, of a strategic asset as outlined in Appendix 1 of this policy
- A decision that will have a major and long-term impact on the capacity of the Council to carry out any activity identified in the Long Term Plan.
- A decision that will have a major and long-term impact on Council's Strategic Direction.
- A decision that will have a major and long-term impact on a wide range of people and/or groups who reflect the makeup of the District's community.
- The issue, proposal, or other matter that will have a major and long-term impact on Council's current level of service.

#### Implementation considerations

13. When any issue is determined as having a high degree of significance:
  - The issue will be considered by Council
  - The report to Council will include an assessment of the degree of significance of the issue, the degree of engagement proposed, the engagement plan proposed and a recommendation
14. When Council makes a decision that is significantly inconsistent with this policy, the steps identified in Section 80 of the Local Government Act 2002 will be undertaken.
15. Council will apply the principals of consultation (section 82 of the Local Government Act 2002) and use the Community Engagement Toolbox (Schedule 2) as a guide for engagement. This will provide a consistent but flexible process to guide Council on how and when communities will be engaged in decision making.
16. Issues, proposals, assets, decisions and activities that are part of the normal day to day operations of the Council will not require formal consideration for significance. Management decisions made by officers under delegation during the implementation of council decisions will not be deemed to be significant.

#### SCHEDULE 1– STRATEGIC ASSETS

Section 5 of the Local Government Act requires the following to be listed in this Policy:

- a. any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and
- b. 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
- c. any equity securities held by the local authority in—
  - (i) a port company within the meaning of the Port Companies Act 1988
  - (ii) an airport company within the meaning of the Airport Authorities Act 1966

## Council Policies

The following is a list of assets or group of assets that the council needs to retain if it is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future well-being of the community:

Strategic Asset	Note
Roading and Traffic Network	Includes footpaths, street lighting and off street parking
Wastewater Network	Includes land, pipes, pump stations and sewage ponds
Water Treatment Network	Includes land, pipes, pumps, reservoirs and treatment plants
Stormwater Network	Includes reticulation and pumps.
Reserves and Sport Fields	
Library	Includes Book collection
Public Toilet	
Cemeteries	
Council's Administration Building	

### SCHEDULE 2 – COMMUNITY ENGAGEMENT GUIDE

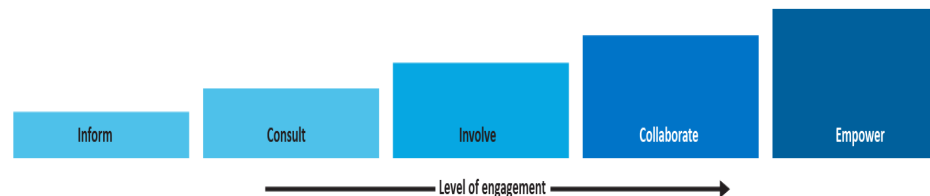
Community engagement:

- is a process
- involves all or some of the public
- is focussed on decision-making or problem-solving

The model below shows the increasing level of public impact as you progress through the spectrum from left to right - 'inform' through to 'empower'. In simply 'informing' stakeholders there is no expectation of receiving feedback, and consequently there is a low level of public impact. At the other end of the spectrum, 'empowering' stakeholders to make decisions implies an increase in expectations and therefore an increased level of public impact.

It will not always be appropriate or practicable to conduct processes at the 'collaborate' or 'empower' end of the spectrum. Many minor issues will not warrant such an involved approach. Time and money may also limit what is possible on some occasions.

In general, the more significant an issue, the greater the need for community engagement.



When engaging with the community, Council will:

- Seek out and encourage contributions from people who may be affected by or interested in a decision
- Provide relevant, timely and balanced information so people can contribute in a meaningful way
- Provide a variety of appropriate ways for people to have their say
- Tell the community what the Council decision is and the reasons for that decision

#### Engagement tools and techniques

Over the time of decision making, Council may use a variety of engagement techniques on any issue or proposal and the tools may be adapted based on a range of other factors, including history and public awareness of the issue, stakeholder involvement, and timing related to other events and budgets. Council will also take into consideration that the community can feel 'over consulted' (stop asking us what we think and get on with it).

Each situation will be assessed according to both the issue and the phase of decision making and the individual circumstances it presents. The following table provides an example of the differing levels of engagement that might be considered appropriate, the types of tools associated with each level and the timing generally associated with these types of decisions/levels of engagement.



Level	Inform	Consult	Involve	Collaborate	Empower
What does it involve	One-way communication providing balanced and objective information to assist understanding about something that is going to happen or has happened.	Two-way communication s designed to obtain public feedback about ideas on rationale, alternatives and proposals to inform decision making.	Participatory process designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to decision-making.	Working together to develop understanding of all issues and interests to work out alternatives and identify preferred solutions.	The final decision making is in the hands of the public. Under the Local Government Act 2002, the Mayor and Councillors are elected to make decisions on behalf of their constituents .
<b>Types of issues that we might use this for</b>	Water restrictions. Temporary Road Closure. Adopt Annual Report. Emergency Works.	Regulation Policy such as Local Alcohol Policy. Developing and adopting a Bylaw. Adopt LTP or Annual Plan	Review of the Opotiki District Plan.	Sub Regional Spatial Plan	Election voting systems (MMP, STV or first past the post)
<b>Tools Council might use</b>	Websites Information flyer Public notices	Formal submissions and Hearings	Workshops Focus groups	External focus groups Other Council involvement	Binding referendum Local body elections

Level	Inform	Consult	Involve	Collaborate	Empower
<b>When the community can expect to be involved</b>	Council would generally advise the community once a decision is made	Council would advise the community once a draft decision is made and would generally provide the community with up to 4 weeks to participate and respond.	Council would generally provide the community with a greater lead in time to allow them time to be involved in the process.	Council would generally involve the community at the start to scope the issue, again after information has been collected and again when options are being considered.	Council would generally provide the community with a greater lead in time to allow them time to be involved in the process. e.g. typically a month or more.

**DECISIONS:**

Council will use the Special Consultative Procedure (as set out in section 83 of the LGA 2002) for the following issues requiring decisions:

- The development and review of a Local Alcohol Policy
- The development and review of a Local Approved Product (Psychoactive Substances) Policy
- The review of a Rating Policy
- Decisions on transferring the ownership or control of strategic assets, as listed in Schedule 1, which are not outlined in the Long Term Plan.

For the following specific issues requiring decisions Council will develop consultation documents fulfilling the requirements of Section 82A of the LGA 2002, will make these documents available to the public, allow written submissions for a period of up to 4 weeks and will consider all submissions prior to making decisions :

- Establishing a council-controlled organisation
- Adopting a revenue and financing policy

For the following specific issue Council will develop the process fulfilling the requirements of Schedule 1 of the Resource Management Act 1991.

- Review of the Ōpōtiki District Plan

## Policy: Revenue and Financing

### Introduction

The Local Government Act 2002 (LGA) requires every local authority to adopt a Revenue and Financing Policy and incorporate it into the LTP.

The Revenue and Financing Policy sets out how the Council funds each activity it is involved in and why. Council provides a number of distinct activities and services to its communities. It must undertake these services in a financially prudent and sustainable way for the Council as a whole.

The Financial Strategy sets out how Council is planning to do this. It sets limits on rates increase and debt levels. This Revenue and Financing Policy keeps within those limits and sets out the broad guidelines for establishing the funding of activities.

The Revenue and Financing Policy is more than rating, it also drives the policy direction for other revenue policies including development and financial contributions, treasury (liability and investment) and remission policies. The Revenue and Financing Policy will be reviewed every three years as part of the ten year planning process.

### Requirements

Section 101 and 103 of the LGA 2002 determines that Council's Revenue and Financing policy must include the following:

- Policy in respect of the funding of operating expenses
- Policy in respect of the funding of capital expenditure
- Identify the sources of funds that will be used
- The funding needs from the identified sources must follow consideration of
  - (i) The community outcomes to which the activity primarily contributes; and
  - (ii) The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
  - (iii) The period in or over which those benefits are expected to occur; and
  - (iv) The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
  - (v) The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
  - (vi) 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.

### Developing the Policy

In developing this policy Council considered how activities should be equitably funded to share the costs of delivering services across different users as well as ensuring equity between current and future generations. In deciding how to fund each activity, the Council used a two-step process:

1. Identify the nature of the services provided, who benefits from those services and the impact of applying funding principles. Council takes into account:
  - The Council Outcomes to which an activity contributes;-
  - The distribution of benefits between the community as a whole, identifiable parts of the community and individuals;
  - The period during which the benefits are expected to occur;
  - The extent to which actions, or inactions, of individuals or groups contribute to the need to undertake an activity;
  - The costs and benefits of funding the activity distinctly from other activities.
2. Consider the overall impacts of Council's initial assessments on the ratepayers, the community and users of Council's activities and the current and future wellbeing of the district.

Affordability and the public's ability to pay rates is a major concern as we strike a balance between the need to provide a level of service that meets customer and legislative requirements, and the need for funds to provide these levels of service in an affordable manner. Council seeks to maintain an affordable and predictable level of rates in the future.

Alongside the increasing levels of service are the current tough economic times and the affordability issues that many residents, particularly urban, face. Many of the infrastructure upgrade costs will be borne by the urban residents. Council is fully aware of these affordability issues and is focusing on designing infrastructure that balances function, longevity, and affordability.

Council is actively working to gain outside support and external grant funding where possible and practical. Council is conscious of rural profitability and the impact it has on the whole community. Over a period of ten years, there are likely to be ups and downs in reaction to commodity prices and the climate. In the past the Council has adapted to crises by deferring projects or reducing savings for future asset replacement. These remain options for future crises.

### Funding Challenges

Council has a number of features that create challenges to its financial wellbeing

- A small population base with a large number of assets that increases the risk of asset ownership with the need to repair, maintain, renew and develop those assets for the changing needs of the district
- Geographically spread assets (eg Roads). This restricts access to users of some services and increases operational and capital costs of providing the services
- Long life assets – up to 100 years, but most are over halfway through their useful lives. Funding for their future replacement is a fundamental issue for Council to ensure continuity of service

- Council business is dominated by roading. Council is reliant on NZ Transport Agency subsidies and is particularly affected by construction prices. Increasing oil prices and/or lowering of the New Zealand dollar strongly influences Council's costs. NZ Transport Agency have completed their Financial Assistance Rate (FAR) review and plan to roll out changes to assistance rates over the next 9 years. Changes in the FAR have a significant impact on Council.

### Description of Council Expenditure

Broadly speaking, the Council has two types of expenditure, operating expenditure and capital expenditure.

Operating expenditure is used to fund the on-going day-to-day activities and services of the Council.

Capital expenditure is money spent in acquiring or upgrading a business asset such as equipment or buildings. Council has three categories of capital expenditure spread across its activities:

- Renewals – defined as capital expenditure that increases the life of an existing asset with no increase in service level.
- Increased level of service – defined as capital expenditure that increases the service level delivered by the asset.
- Growth – defined as capital expenditure that is required to provide additional capacity to cater for future growth in demand.

### Operating Expenses

The Council's policies and practices as regards the funding of its operating expenses are set to ensure that these comply with applicable legislation and generally accepted accounting practice.

In general terms it will use a mix of revenue sources to meet operating expenses, with major sources being general rates, subsidies, and fees and charges. However, revenue from targeted rates is applied to specific activities. Reserve funds including savings from previous years are also used as a revenue source occasionally. Operating costs do not normally utilise loans or proceeds from asset sales.

Deviating from this policy is a Council decision. Occasionally Council is required under accounting rules to write down or treat a cost as an operating expense that had been expected to be funded from loans.

### Capital Expenditure

Increases to levels of service and growth expenditure are funded (in decreasing priority) from subsidies, user contributions, reserves or trust funds (where appropriate), and loans. In roading, some ongoing capital developments are funded from subsidies and rates. Capital development projects that are minor and those projects that are regular and funded on an annual basis are rate funded – for example, every year Council funds its share of minor safety road improvements from Rates.

Capital renewals are funded (in decreasing priority) from subsidies, depreciation or other reserves. Loans may also be used where subsidies and reserves are insufficient and to do so supports the

principle of intergenerational equity. Rates may also be used where subsidies and reserves are insufficient and the nature of the cost is substantial and recurring annually.

### Savings and Reserves

Savings are placed into reserves which are funded from past surpluses, realisation of assets or by rates. Trust funds are normally bequeathed to Council in trust. Reserves and trust funds (savings) may be used to fund activities where appropriate to the purpose of the reserves or trusts (operating or capital).

### Funding Principles

The general principles used in the process are:

- The user/beneficiary pays principle
  - The distribution of benefits between the community as a whole 'public benefit' = rates, any identifiable part of the community, and individuals 'private benefit' = user pays.
- The intergenerational equity principle
  - The period in or over which those benefits are expected to accrue
- The exacerbator/polluter pays principle
  - The extent to which the actions or inactions of particular individuals or a group contribute to the need to undertake the activity, and
- The costs and benefits
  - Including consequences for transparency and accountability, of funding the activity distinctly from other activities. This considers the efficiency or ability to separate and identify costs and then collect revenue, and the impact on demand for services.

The following policy positions have been set by Council and are used with the principles above.

- Where the benefit accrues to the whole district, general rates will be used.
- Where benefits accrue to certain groups within the district, differentials or targeted rates will be used.
- User pays is a legitimate funding method if the benefit to individuals is greater than the benefit to the community.
- User pays is also recognised as a tool to achieve Council's goals eg charging for metered water to encourage water conservation.
- In some cases eg water, targeted rates are used as a surrogate for user charges as Council considers this to be a more efficient and effective method of funding than individual user charges.
- Rates are primarily a tax. While effort is made to link payment of rates to benefits received or costs generated it is not possible to do this on an individual ratepayer basis.
- Subsidy from central government recognises that some services, eg roading, form part of a national infrastructure and only central government can levy charges.
- Uniform Annual General Charge (UAGC) recognises that most services are available to all properties regardless of value and that all properties should contribute a reasonable amount to the running of the district.

## Council Policies

### Funding Sources

The funding sources available to Council under legislation, principally LGRA 2002 are:

**(a) General Rates**

The general rate is set under Section 13(2)(a) Local Government (Rating) Act 2002. The General Rate is a rate in the dollar on capital applied to all properties in the District. A General Rate is generally used when:

- Council considers that a capital rate is fairer than the use of other existing rating tools for the service funded; and
- Council considers that the community as a whole should meet costs of the function; and
- Council is unable to achieve its user charge targets and must fund expenditure; or
- Council favours use of the UAGC but is constricted by the 30% cap.

**(b) Targeted Rates**

A targeted rate is set under Sections 16 or 19 of the Local Government (Rating) Act 2002. A targeted rate is levied on properties within a defined area where users/beneficiaries can be identified. A targeted rate is used when:

- Council considers that a targeted rate would enable a higher level of transparency in funding allocation; or
- Council considers that a targeted rate is fairer than the use of other existing rating tools for the service funded, in consideration of the benefit derived from the service; and
- There is not equal benefit to all District ratepayers from that portion funded by a Uniform Annual General Charge (UAGC).

**(c) Uniform Annual General Charge (UAGC)**

The UAGC is set under Section 15 Local Government (Rating) Act 2002. A UAGC is a specified amount applied to every rating unit or separately used or inhabited part of a rating unit. A UAGC is used when:

- Council considers that all District ratepayers benefit to an equal extent from some portion of one of Council's services; and
- Council considers that applying a user charge for that portion of a service would not be practicable; and
- Valuation based rating does not provide a better proxy for equitable rating.

The Local Government (Rating) Act 2002 determines that certain rates must not exceed 30% of total rates revenue. In particular these are UAGC's set in accordance with section 15 and targeted rates that are set on a uniform basis in accordance with section 18(2) and clause 7 of schedule 3 of the Act. This cap excludes targeted rates that are set solely for water supply or sewage disposal.

**(d) Fees and Charges**

Fees and charges are applied to individual users or exacerbator groups when:

- It is assessed that level of benefit to identified beneficiary/exacerbator groups justifies the seeking of user charges; and
- There are identifiable and distinct user groups/exacerbators identified; and
- User fees represent the fairest method to seek a contribution from identified beneficiaries or exacerbators.

**(e) Interest**

Council receives limited interest from cash investments. Any interest received is used to offset the rate required in the year received.

**(f) Dividends**

Council receives dividends from Horizon Energy Ltd. Any dividends received are used to offset the general rate required in the year received.

**(g) Borrowing**

Borrowing is managed by the provisions of Council's Policy on Liability Management. Council's use of funding mechanisms to fund capital development is as follows. Council will first apply depreciation funding available and other revenue e.g. subsidy, then loan and lastly rate funding.

**(h) Proceeds from Asset Sales**

Funds from any asset sales are applied first to offset borrowing.

**(i) Financial and Development Contributions**

Council will use funds from development contributions to fund capital expenditure projects that have been identified in its Development Contributions Policy.

Council will use funds from financial contributions to fund capital expenditure projects in accordance with the Resource Management Act 1991. Council will not use funds from financial contributions for operating expenditure.

**(j) Grants and Subsidies**

Council receives subsidy from Land Transport New Zealand to part-fund operations, renewal, and capital development in Land Transport. The percentage of this subsidy differs for different types of works.

Council pursues other Grant & Subsidy funding available from Central Government and other Agencies wherever it is considered appropriate.

**(k) Any Other Source**



**Beneficiaries**

The following benefit groups can be identified for the purpose of considering distribution of benefits:

National Benefit	Benefits the nation and is public in nature
District Benefit	Benefits the whole District and is public in nature
Regional Benefit	Benefits the Region and is public in nature
Commercial Benefit	Benefits the commercial sector and has elements of both public and private benefit
Community Benefit	Benefits a particular Ward and is public in nature
User Benefit	Benefits an identifiable individual, group, or community segment
Applicant	Benefits an Identifiable individual, group or community segment
Offender / Exacerbator	The cost is the result of offenders, or ones who exacerbate a problem

Section 101(3) of the Local Government Act 2002 includes the consideration of “the period in or over which benefits are expected to occur”. This is referred to as intergenerational equity.

**Council Activities**

Councils Activities are aligned under three groups of activities as per the recently concluded realignment. Council decided to align its activities in this manner in an attempt to describe how Council is promoting community well-being.

Council Groups of Activities		
Community and Cultural Sustainability	Environmental Sustainability	Economic Sustainability
Leadership	Solid Waste Management	Water Supply
Community Facilities	Stormwater	Land Transport
Community Development	Resource Management	Investments
Economic Development	Wastewater	
Regulation and Safety		

## Council Policies

### Funding Operational Expenditure

The following table shows which mechanisms may be used to fund operational and capital expenditure for Council's activities.

	Funding of Operational Expenditure					Funding of Capital Expenditure				
	General Rates	Targeted Rates	Grants and Subsidies	Fees and Charges		General Rates	Targeted Rates	Borrowings	Reserves	Contributions / User Charges
<b>Community &amp; Cultural Sustainability</b>										
Leadership	☞			☞		☞		☞	☞	
Community Facilities	☞	☞	☞	☞		☞		☞	☞	☞
Community Development	☞					☞		☞	☞	
Economic Development	☞		☞	☞		☞		☞	☞	☞
Regulation & Safety	☞			☞		☞		☞	☞	
<b>Environmental Sustainability</b>										
Solid Waste	☞	☞	☞	☞		☞		☞	☞	
Stormwater	☞	☞				☞		☞	☞	
Resource Management	☞									
Wastewater	☞	☞					☞	☞	☞	
<b>Economic Sustainability</b>										
Water Supply	☞	☞		☞			☞	☞	☞	
Land Transport	☞	☞	☞	☞		☞	☞	☞	☞	☞
Investments	☞			☞				☞	☞	

### **Community and Cultural Sustainability Group of Activities**

The Community Sustainability group of activities focuses on building and developing cohesive and functional communities in the Ōpōtiki District.

The significant activities contained within this group are:

- Leadership
- Community Facilities
- Community Development
- Economic Development and
- Regulation and Safety

#### **Leadership**

The Leadership Activity provides for:

- Council's governance at District and local level,
- Conduct of elections,
- Council's advocacy on issues that impact on the Ōpōtiki District's COs,
- Planning and policy development that provides a framework for the Community's strategic direction.
- Monitoring and Reporting

This Activity includes the preparation of policies guiding strategic direction and strategic financial decisions for presentation to the Community for feedback.

#### **Intergenerational Equity Issues**

Leadership is considered an annually funded activity.

#### **Costs and Benefits**

The merit of identifying and accounting for functions under this Activity separately from other functions enables:

- (a) More transparent disclosure and accountability of projects and funding to the Ōpōtiki Community
- (b) Greater opportunity for the Community to have input on decisions, proposals, issues and other matters through consultation
- (c) Identification of how the Activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning
- (d) Improved monitoring of the Activity in terms of how well Council is achieving its COs annually
- (e) Identification of costs required supporting the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Description of Service	Attributable Benefit		Allocation of Funding	
	Benefit Group	% Of Benefit	Funding Method	% Of Funding
Provision of leadership and governance of the District.	National Benefit	2%	No mechanism	0%
	Regional Benefit	7%	No mechanism	0%
	District Benefit	91%	Rates	100%

#### **BENEFICIARIES AND EXACERBATORS**

**National Benefit:** There is a National Benefit associated with the leadership activity, with the Mayor representing the Ōpōtiki District and the Local Government Sector on Nation-wide committees such as Local Government New Zealand and New Zealand Access Walkway Commission. Council also often engages in issues of National importance, there is also a deemed National benefit to the development of the Long Term Plan, Annual Plan, Policy Development and Advocacy, as well as facilitating relationships with Tangata Whenua, where National outcomes and priorities can be advanced at a local level.

**Regional Benefit:** A Regional Benefit exists with the Mayor representing the Ōpōtiki District and the wider region on regional forums such as those for Emergency Management and Land Transport. Council also facilitates the triennial election process on behalf of the Regional Council and the District Health Board. Council also often engages in issues of Regional importance, there is also a deemed Regional benefit to the development of the Long Term Plan, Annual Plan, Policy Development and Advocacy, as well as facilitating relationships with Tangata Whenua, where Regional outcomes and priorities can be advanced at a local level.

**District Benefit:** The Mayor is elected 'at large' and has a governance and leadership role for the entire District representing the wider community.

The benefit of the Council and its Committees is considered to be predominately District wide in nature. Whilst individual Councillors are elected within wards the Council has a governance and leadership role for the entire District representing the wider community. Long Term Planning, Annual Planning, Community Consultation, Communication, Policy Development, Advocacy, Tangata Whenua Relationships, and Annual Reporting benefit the wider District as a whole. Most of these processes are considered on a District Wide basis, considering the needs of the entire community. Further, every resident and ratepayer within the District have access to and can engage in Council decision making processes. The Annual Report is Council's mechanism for reporting progress to the community. The Annual Report outlines Council's performance in giving effect to the Long Term and Annual Plan. It is the community's key accountability tool.

#### **FUNDING**

**National Allocation:** There is no lawful funding mechanism available to Council to recover from this group of beneficiaries.

**Regional Allocation:** There is no lawful funding mechanism available to Council to recover from this group of beneficiaries for the majority of this activity's costs. Council will where it can recover

## Council Policies

costs in relation to undertaking triennial elections on behalf of Regional Council and District Health Boards.

**District Allocation:** Given the predominately District wide benefit associated with the Leadership activity either the General Rate or UAGC (or a combination of both) is the preferred the funding tool for this function.

### Community Facilities

The Community Facilities Activity works to ensure that individuals living in the Ōpōtiki District have access to a range of services and facilities to increase their quality of life. These services and facilities are provided through functions such as:

- Airport
- Cemeteries
- Public toilets
- Parks and reserves
- Playgrounds
- District library and
- The Cycle Way

### Intergenerational Equity Issues

The majority of the functions within this Activity are considered to be operational in nature and therefore annually funded. Certain functions require infrastructure and other assets to deliver the desired level of service and some of these have a useful life well beyond one year. These assets are usually created with the use of long term loans which spreads the construction cost over time so future users contribute to the asset creation.

### Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- (a) More transparent disclosure and accountability of projects and funding to the Community
- (b) Greater opportunity for the Community to have input on decisions, proposals, issues and other matters through consultation
- (c) Identification of how the Activity contributes to the achievement of Community Outcomes and service delivery goals through detailed understanding and planning
- (d) Improved monitoring of the Activity in terms of how well Council is achieving its Community Outcomes annually
- (e) Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Description of Service	Attributable Benefit		Allocation of Funding	
	Benefit Group	% Of Benefit	Funding Method	% Of Funding
Council provides facilities for use within the community that benefit those that live here as well as those that may visit.	National Benefit	5%	No mechanism	0%
	Regional Benefit	5%	No mechanism	0%
	District Benefit	44%	Rates	75-85%
	Community Benefit	9%	Targeted Rate	5-15%
	Commercial Benefit	2%	Targeted Rate	5-15%
	User Benefit	35%	Fees and Charges	5-15%

### BENEFICIARIES AND EXACERBATORS

**National Benefit:** The Community Facilities activity provides a National benefit by providing and maintaining services and facilities for the benefit of all users in the country who come to or through the District. Such services covered by this activity are parks and reserves, public toilets, playgrounds, library, cycleways, and the aerodrome.

**Regional Benefit:** This activity provides a regional benefit as the services that this activity provides attracts people and users to the District and the Region. Regional residents also have easy access to these services for recreational purposes.

**District Benefit:** A large portion of this activity directly benefits the district as the services provided are readily accessible to those that live in the district, and revenue derived from the activity is utilised within the district. A lot of what we do in this activity promotes the public health and wellbeing of those that live here.

**Community Benefit:** The community benefits from aspects of this activity such as playgrounds and libraries, where there is easier access, and it provides for the health and wellbeing of the community.

**Commercial Benefit:** There is commercial benefit of providing the cycleway where commercial users can utilise this facility to organise and run events.

**User Benefit:** The users are those who predominately benefit from the provision of services and therefore there is deemed to be a high proportion of user benefit. These can be people who live in the District or those that are visiting to the District.

### FUNDING

**National Allocation:** There is no lawful funding mechanism available to Council to recover from this group of beneficiaries.

**Regional Allocation:** There is no lawful funding mechanism available to Council to recover from this group of beneficiaries.



**District Allocation:** The public district benefit attached to this service is significant so either the General Rate or UAGC (or a combination of both) is recommended to be the most appropriate funding tool for this allocation

**Community Allocation:** Given the benefit associated with aspects of this activity the General Rate or UAGC, or Targeted Rate (or a combination) is recommended as the funding tool for this allocation.

**Commercial Allocation:** Given the commercial benefit associated with the cycleway a targeted rate is recommended as a funding tool for this allocation.

**User Allocation:** The user benefit of community facilities is high, however we lack means to recover from the users via fees and charges, a lot of these facilities and services are deemed “for the community good”, so therefore should be funded via a community rate. Where we can charge a fee we hope to recover between 5-15% of the cost of the activity.

### Community Development

The Community Development Activity works to ensure that individuals living in the Ōpōtiki District have access to a range of services and facilities to increase their quality of life. These services and facilities provide the following functions:

- Community Grants
- Healthy and Active Communities.

### Intergenerational Equity Issues

The majority of the functions within this Activity are considered to be operational in nature and therefore annually funded. Certain functions require infrastructure and other assets to deliver the desired level of service and some of these have a useful life well beyond one year. These assets are usually created with the use of long term loans which spreads the construction cost over time so future users contribute to the asset creation.

### Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- More transparent disclosure and accountability of projects and funding to the Community.
- Greater opportunity for the Community to have input on decisions, proposals, issues and other matters through consultation.
- Identification of how the Activity contributes to the achievement of Community Outcomes and service delivery goals through detailed understanding and planning.
- Improved monitoring of the Activity in terms of how well Council is achieving its Community Outcomes annually.
- Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Description of Service	Attributable Benefit		Allocation of Funding	
	Benefit Group	Funding Method	Funding Method	% Of Funding
Council provides grants to the community and to promote a healthy and active community.	National Benefit	7.5%	No mechanism	0%
	Regional Benefit	5%	No mechanism	0%
	District Benefit	87.5%	Rates	100%

### BENEFICIARIES AND EXACERBATORS

**National Benefit:** There is an element of national benefit in the development of communities as local communities are a subset of the larger national community and development of a part contributes to the overall development of the whole. Furthermore, many community initiatives at the local level assist in contributing to Central Government policy objectives. Healthy and active communities have flow on effects to the region and to the nation as communities are closely connected.

**Regional Benefit:** There is a regional benefit to promoting healthy and active communities within the district as this flows on to the region and contributes to regional health and wellbeing objectives.

**District Benefit:** Community initiatives are considered to have a District wide benefit as the provision of grants to organisations provides social services and contribute to the social and cultural well being of the whole District. Healthy and active communities benefits the wider district as a whole. The goals and objectives set out in the strategy seek to advance the outcomes that are important to the entire District.

### FUNDING

**National Allocation:** There is no lawful funding mechanism available to Council to recover from this group of beneficiaries.

**Regional Allocation:** There is no lawful funding mechanism available to Council to recover from this group of beneficiaries.

**District Allocation:** Given the District wide benefit associated with the service either the General Rate or UAGC (or a combination of both) is recommended to be the most appropriate funding tool for this allocation.

### Economic Development

The Economic Development Activity works to create a sustainable economic future for the district and this is achieved by the following functions:

- Economic Development
- Tourism Promotion
- Harbour Development

## Council Policies

### Intergenerational Equity Issues

The majority of the functions within this Activity are considered to be operational in nature and therefore annually funded. Certain functions require infrastructure and other assets to deliver the desired level of service and some of these have a useful life well beyond one year. These assets are usually created with the use of long term loans which spreads the construction cost over time so future users contribute to the asset creation.

### Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- (a) More transparent disclosure and accountability of projects and funding to the Community.
- (b) Greater opportunity for the Community to have input on decisions, proposals, issues and other matters through consultation.
- (c) Identification of how the Activity contributes to the achievement of Community Outcomes and service delivery goals through detailed understanding and planning.
- (d) Improved monitoring of the Activity in terms of how well Council is achieving its Community Outcomes annually.
- (e) Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Description of Service	Attributable Benefit		Allocation of Funding	
	Benefit Group	% Of Benefit	Funding Method	% Of Funding
Economic development to facilitate a sustainable economic future. Promote tourism and provide visitors with information about our District. Lead and develop a reliable harbour entrance to enable aquaculture.	National Benefit	10%	No current mechanism	0%
	Regional Benefit	13%	No current mechanism	0%
	District Benefit	47%	Rates	75-85%
	Commercial Benefit	20%	Targeted Rates	15-25%
	User Benefit	10%	Fees and Charges	0-5%

### **BENEFICIARIES AND EXACERBATORS**

**National Benefit:** Undoubtedly economic development of the district will have the flow on effect of developing the regional and national economy since districts do not exist as islands and economic activities are interlinked between district, region and country.

**Regional Benefit:** This service is assessed to have a small regional benefit. Economic strategy is intended to be developed such that it benefits the wider Region as a whole. The goals and objectives seek to advance the outcomes that are important to the entire Region.

**District Benefit:** This service is assessed to have a high district benefit. Economic strategy is intended to be developed such that it benefits the wider District as a whole. The goals and objectives seek to advance the outcomes that are important to the entire District.

**Commercial Benefit:** This service is assessed to have a small commercial benefit. Economic strategy is intended to be developed such that it benefits the wider community. This will create the opportunity for commercial groups to obtain a return for investment in the economic output.

### **FUNDING**

**National Allocation:** Given the National benefit of the harbour development project it is proposed that this portion of the capital project be funded through Central Government grant. This forms part of the funding for capital expenditure, not operational. Currently there is no mechanism to gain funding for the operational expenditure of this activity.

**Regional Allocation:** Given the regional benefit of the harbour development it is proposed that this portion of the capital project be funded through Regional Council grant. Again this does not cover the operational expenditure of the activity, of which there is no mechanism currently to recover these costs. This does not mean that in the future once the harbour project funding a development has been set, that a funding mechanism for this is not developed.

**District Allocation:** Given the District wide benefit associated with this activity either the General Rate or UAGC (or a combination of both) is recommended to be the most appropriate funding tool for this allocation.

**Commercial Allocation:** Given the benefit associated with Economic Development a targeted rate is recommended as the funding tool for this allocation.

**User Allocation:** The users that benefit from this activity are therefore required to contribute towards this activity by way of fees and charges with a target recovery of 0 - 5% which we expect to derive in the latter years of the Long Term Plan once we have experienced growth in tourism and are receiving income from the harbour development.

### **Regulation and Safety**

The Regulation and Safety Activity works to regulate a number of activities in the district to facilitate growth and maintain environmental qualities valued by the community. This is achieved by the following functions:

- Environmental Health
- Noise Control
- Animal Control
- Building Control
- District Plan Implementation
- Liquor Licensing
- Safety

**Intergenerational Equity Issues**

The majority of the functions within this Activity are considered to be operational in nature and therefore annually funded. Certain functions require infrastructure and other assets to deliver the desired level of service and some of these have a useful life well beyond one year. These assets are usually created with the use of long term loans which spreads the construction cost over time so future users contribute to the asset creation.

**Costs and Benefits**

The merit of identifying and accounting for this Activity separately from other Activities enables:

- (a) More transparent disclosure and accountability of projects and funding to the Community.
- (b) Greater opportunity for the Community to have input on decisions, proposals, issues and other matters through consultation.
- (c) Identification of how the Activity contributes to the achievement of Community Outcomes and service delivery goals through detailed understanding and planning.
- (d) Improved monitoring of the Activity in terms of how well Council is achieving its Community Outcomes annually.
- (e) Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Description of Service	Attributable Benefit		Allocation of Funding	
	Benefit Group	% Of Benefit	Funding Method	% Of Funding
Council provides environmental management services to enhance and promote the environment.	National Benefit	3%	No mechanism	0%
	Regional Benefit	3%	No mechanism	0%
	District Benefit	52%	Rates	55-65%
	Community Benefit	25%	Targeted Rates	0-10%
	Commercial Benefit	2%	Fees and Charges	0-10%
	User Benefit	15%	Fees and Charges	20-40%

**BENEFICIARIES AND EXACERBATORS**

**National Benefit:** Regulation and safety delivers National benefits by ensuring minimum health standards, such as premises are licensed and safe, healthy and hygienic for the public to use, and providing general advice and education. The investigation and notification of incidents of communicable diseases also provides benefit to the entire Nation. Building control provides a National benefit as there is an increased focus at the national level around sustainable building development, this activity is also governed by the standards set at a national level. Liquor licensing also has a National benefit as health and wellbeing of the community is of national importance.

**Regional Benefit:** Regulation and safety delivers Regional benefits by providing the same benefits as it does nationally.

**District Benefit:** Regulation and safety delivers District benefits by providing the same benefits as it does for the Region and Nationally, plus the benefits associated with noise control, animal control, where advice is given to the public, education, visits to schools, and the provision of public safety. Minimum building standards are set and buildings are assessed to be safe for use. Liquor licenses are complied with, holders of licenses are required to have qualifications which provides for increased public safety and wellbeing.

**Community Benefit:** Regulation and safety provides a community benefit around noise control in the urban area. Residents and ratepayers within the vicinity of the service receive the benefit of noise control as it contributes to healthy living. The community also benefits from animal control as those that live in the urban areas benefit more than those that live further afield.

**Commercial Benefit:** There is a commercial benefit to providing the regulation and safety activity in that premises are licensed and safe, healthy and hygienic for the public to use.

**User/Applicant Benefit:** Individuals and organisations applying for licences and consents under specific regulations nationally and within the District and those requiring advice about the regulations are direct beneficiaries of this service.

**FUNDING**

**National and Regional Benefit:** There is no lawful funding mechanism available to Council to recover from this group of beneficiaries. Emergency management will be funded through National subsidy.

**District Allocation:** Either the General Rate or UAGC (or a combination of both) is recommended as the funding tool for this allocation.

**Community Allocation:** The most efficient and effective method for funding this allocation is a Targeted Rate.

**Commercial and User Allocation:** User fees and charges is the most efficient, effective and transparently lawful available method for funding this allocation with a targeted recovery of 20 – 40% of the cost of the activity.

## Council Policies

### Environmental Sustainability Group of Activities

The Environmental Sustainability group of activities works towards those community outcomes that promote environmental well-being. This group of activities work towards mitigating and managing those impacts so that future generations can enjoy our Districts' pristine natural environment.

The significant activities contained within this group are:

- Solid Waste Management
- Stormwater
- Resource Management
- Wastewater

#### **Solid Waste**

The solid Waste Activity works to provide solid waste services for public health and future development for the district. This is achieved by the following functions:

- Kerbside Collection
- Resource Recovery Centres
- Waste Minimisation
- Litter Control
- Closed landfills

#### **Intergenerational Equity Issues**

The majority of the functions within this Activity are considered to be operational in nature and therefore annually funded. Certain functions require infrastructure and other assets to deliver the desired level of service and some of these have a useful life well beyond one year. These assets are usually created with the use of long term loans which spreads the construction cost over time so future users contribute to the asset creation.

#### **Costs and Benefits**

The merit of identifying and accounting for this Activity separately from other Activities enables:

- (a) More transparent disclosure and accountability of projects and funding to the Community.
- (b) Greater opportunity for the Community to have input on decisions, proposals, issues and other matters through consultation.
- (c) Identification of how the Activity contributes to the achievement of Community Outcomes and service delivery goals through detailed understanding and planning.
- (d) Improved monitoring of the Activity in terms of how well Council is achieving its Community Outcomes annually.
- (e) Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Description of Service	Attributable Benefit		Allocation of Funding	
	Benefit Group	% Of Benefit	Funding Method	% Of Funding
Council provides a kerbside collection service, resource recovery centres, a waste minimisation strategy, litter control and maintenance of closed landfills	National Benefit	4%	Subsidies	0-5%
	Regional Benefit	4%	No mechanism	0%
	District Benefit	68%	Rates	60-75%
	User Benefit	24%	Targeted Rates, and Fees and Charges	10-25% 15-30%

#### **BENEFICIARIES AND EXACERBATORS**

**National Benefit:** There is a National benefit to providing the solid waste activity function in that National outcomes and priorities can be advanced at a local level.

**Regional Benefit:** There is an element of Regional Benefit to Council's solid waste function in that Regional outcomes and priorities can be advanced at a local level.

**District Benefit:** There is an element of District Benefit to Council's solid waste function in that the District receives the benefit of collection from the kerbside and disposal of solid waste preserving the environment. It also encourages practices that ensure that waste is minimised, which preserves the environment and promotes health and safety of residents.

**User Benefit:** The solid waste function benefits the user by collection and disposal of solid waste in a way that preserves the environment.

#### **FUNDING**

**National Allocation:** There is no lawful funding mechanism available to Council to recover from this group of beneficiaries.

**Regional Allocation:** There is no lawful funding mechanism available to Council to recover from this group of beneficiaries.

**District Allocation:** Given the District wide benefit associated with the solid waste function either the General Rate or UAGC (or a combination of these charges) is recommended as the funding tool for this allocation.

**User Allocation:** User charges by targeted Rate or Fees and Charges are considered the most appropriate mechanism for collection of this allocation. A targeted recovery through user charges of 15 – 30% of the cost of providing the activity has been set.



**Stormwater**

The Stormwater Activity works to protect the health and safety of the community. This is achieved by the following functions:

- Stormwater

**Intergenerational Equity Issues**

The function within this Activity are considered to be operational in nature and therefore annually funded. Certain functions require infrastructure and other assets to deliver the desired level of service and some of these have a useful life well beyond one year. These assets are usually created with the use of long term loans which spreads the construction cost over time so future users contribute to the asset creation.

**Costs and Benefits**

The merit of identifying and accounting for this Activity separately from other Activities enables:

- (a) More transparent disclosure and accountability of projects and funding to the Community.
- (b) Greater opportunity for the Community to have input on decisions, proposals, issues and other matters through consultation.
- (c) Identification of how the Activity contributes to the achievement of Community Outcomes and service delivery goals through detailed understanding and planning.
- (d) Improved monitoring of the Activity in terms of how well Council is achieving its Community Outcomes annually.
- (e) Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Description of Service	Attributable Benefit		Allocation of Funding	
	Benefit Group	% Of Benefit	Funding Method	% Of Funding
Council provides a storm water drainage system in the Ōpōtiki township and Waiotahi Drifts subdivision to protect the health and safety of the community.	District Benefit	80%	Rates	85-95%
	Community Benefit	20%	Targeted Rates	5-15%

**BENEFICIARIES AND EXACERBATORS**

**District Benefit:** There is a District Benefit to Council's Stormwater function with protection of the health and safety of residents within the district.

**Community Benefit:** The Stormwater function benefits the community that lives in close proximity to the service provided, with protection of the built environment and the promotion of the health and safety of residents within the community.

**FUNDING**

**District Allocation:** Given the District wide benefit associated with the stormwater function either the General Rate or UAGC (or a combination of these charges) is recommended as the funding tool for this allocation.

**Community Allocation:** Given the Community benefit associated with the stormwater function a targeted rate, the General Rate or UAGC (or a combination of these charges) is recommended as the funding tool for this allocation.

**District Planning**

The District Planning Activity works to provide for the future development of the district. This is achieved by the following functions:

- District Planning

**Intergenerational Equity Issues**

The function within this Activity are considered to be operational in nature and therefore annually funded. Certain functions require infrastructure and other assets to deliver the desired level of service and some of these have a useful life well beyond one year. These assets are usually created with the use of long term loans which spreads the construction cost over time so future users contribute to the asset creation.

**Costs and Benefits**

The merit of identifying and accounting for this Activity separately from other Activities enables:

- (a) More transparent disclosure and accountability of projects and funding to the Community.
- (b) Greater opportunity for the Community to have input on decisions, proposals, issues and other matters through consultation.
- (c) Identification of how the Activity contributes to the achievement of Community Outcomes and service delivery goals through detailed understanding and planning.
- (d) Improved monitoring of the Activity in terms of how well Council is achieving its Community Outcomes annually.
- (e) Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

## Council Policies

Description of Service	Attributable Benefit		Allocation of Funding	
	Benefit Group	% Of Benefit	Funding Method	% Of Funding
Council provides an administrative, processing, monitoring and decision-making role for resource management.	National Benefit	5%	No mechanism	0%
	Regional Benefit	5%	No mechanism	0%
	District Benefit	90%	Rates	100%

### **BENEFICIARIES AND EXACERBATORS**

**National Benefit:** The National benefit results from National outcomes and priorities being promoted at a national level.

**Regional Benefit:** The Regional benefit results from regional outcomes and priorities being promoted at a national level.

**District Benefit:** Ongoing development and implementation of the District Plan benefits the wider District as a whole as it sets the framework for sustainable land use practices. It is instrumental in protecting Environmental Outcomes that are important to the entire district. Also every resident has the opportunity to be involved in the development of the District Plan.

### **FUNDING**

**National Allocation:** There is no lawful funding mechanism available to Council to recover from this group of beneficiaries.

**Regional Allocation:** There is no lawful funding mechanism available to Council to recover from this group of beneficiaries.

**District Allocation:** Given the District wide benefit associated with the Resource Management function either the General Rate or UAGC (or a combination of these charges) is recommended as the funding tool for this allocation.

### **Wastewater**

The Wastewater Activity works to manage sewage disposal for public health and future development for the district. This is achieved by the following functions:

- Wastewater

### **Intergenerational Equity Issues**

The function within this Activity are considered to be operational in nature and therefore annually funded. Certain functions require infrastructure and other assets to deliver the desired level of service and some of these have a useful life well beyond one year. These assets are usually created with the use of long term loans which spreads the construction cost over time so future users contribute to the asset creation.

### **Costs and Benefits**

The merit of identifying and accounting for this Activity separately from other Activities enables:

- More transparent disclosure and accountability of projects and funding to the Community.
- Greater opportunity for the Community to have input on decisions, proposals, issues and other matters through consultation.
- Identification of how the Activity contributes to the achievement of Community Outcomes and service delivery goals through detailed understanding and planning.
- Improved monitoring of the Activity in terms of how well Council is achieving its Community Outcomes annually.
- Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Description of Service	Attributable Benefit		Allocation of Funding	
	Benefit Group	% Of Benefit	Funding Method	% Of Funding
Council provides a sewage system to receive, treat and discharge sewage in a safe, healthy and environmentally friendly manner.	District Benefit	20%	Rates	20-30%
	Community Benefit	80%	Targeted Rates User charges	70-80% 0-5%

### **BENEFICIARIES AND EXACERBATORS**

**District Benefit:** There is a District Benefit to Council's Wastewater function with protection of the health and safety of residents within the district. Having a wastewater service also encourages migration into the district and town. With plans to extend the wastewater reticulation further there is a higher district benefit.

**Community Benefit:** The Wastewater function benefits the (urban) community that is connected or able to be connected to the service, with protection of the health and safety of residents within the community.

### **FUNDING**

**District Allocation:** Given the District wide benefit associated with the Wastewater function either the General Rate or UAGC (or a combination of these charges) is recommended as the funding tool for this allocation.

**Community Allocation:** Given the Community benefit associated with the Wastewater function a targeted UAC is recommended as the funding tool for this allocation.

### **Economic Sustainability Group of Activities**

The Economic Sustainability Group of Activities are those that provide infrastructure that enables the community to grow and prosper. The Ōpōtiki District relies on reliable infrastructure to support business and industry development.

The significant activities contained within this group are:

- Water Supply
- Land Transport
- Investments

### Water Supply

The Water Activity works to provide a reliable and safe water supply for public health and future development for the district. This is achieved by the following functions:

- Water

### Intergenerational Equity Issues

The function within this Activity are considered to be operational in nature and therefore annually funded. Certain functions require infrastructure and other assets to deliver the desired level of service and some of these have a useful life well beyond one year. These assets are usually created with the use of long term loans which spreads the construction cost over time so future users contribute to the asset creation.

### Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- More transparent disclosure and accountability of projects and funding to the Community.
- Greater opportunity for the Community to have input on decisions, proposals, issues and other matters through consultation.
- Identification of how the Activity contributes to the achievement of Community Outcomes and service delivery goals through detailed understanding and planning.
- Improved monitoring of the Activity in terms of how well Council is achieving its Community Outcomes annually.
- Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Description of Service	Attributable Benefit		Allocation of Funding	
	Benefit Group	% Of Benefit	Funding Method	% Of Funding
Council provides a reticulated supply to 5760 residents, and monitors water quality and future supply needs.	District Benefit	10%	Rates	5-20%
	Community Benefit	65%	Targeted Rates	60-70%
	User Benefit	25%	Fees and Charges	20-30%

### BENEFICIARIES AND EXACERBATORS

**District Benefit:** There is a District Benefit to Council's Water function with protection of the health and safety of residents within the district.

**Community and User Benefit:** The Water function benefits the (urban) community that is connected or able to be connected to the service, with protection of the health and safety of residents within the community.

### FUNDING

**District Allocation:** Given the District wide benefit associated with the Water function either the General Rate or UAGC (or a combination of these charges) is recommended as the funding tool for this allocation.

**Community Allocation:** Given the Community benefit associated with the Water function a targeted rate, the General Rate or UAGC (or a combination of these charges) is recommended as the funding tool for this allocation.

**User Allocation:** We charge users directly for metered water and expect to recover between 20 – 30% of the cost of this activity through fees and charges.

### Land Transport

The Land Transport Activity works to provide an efficient transport network and future development for the district. This is achieved by the following functions:

- Land Transport
- Land Transport Accelerated and Enhanced

### Intergenerational Equity Issues

The function within this Activity are considered to be operational in nature and therefore annually funded. Certain functions require infrastructure and other assets to deliver the desired level of service and some of these have a useful life well beyond one year. These assets are usually created with the use of long term loans which spreads the construction cost over time so future users contribute to the asset creation.

## Council Policies

### Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- More transparent disclosure and accountability of projects and funding to the Community.
- Greater opportunity for the Community to have input on decisions, proposals, issues and other matters through consultation.
- Identification of how the Activity contributes to the achievement of Community Outcomes and service delivery goals through detailed understanding and planning.
- Improved monitoring of the Activity in terms of how well Council is achieving its Community Outcomes annually.
- Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Description of Service	Attributable Benefit		Allocation of Funding	
	Benefit Group	% Of Benefit	Funding Method	% Of Funding
Council provides ongoing management, development and arranges for maintenance of the district transport networks.	National Benefit	15%	Subsidy	20-30%
	Regional Benefit	15%	No mechanism	0%
	District Benefit	40%	Rates	55-70%
	Commercial Benefit	15%	Targeted Rates	5-15%
	User Benefit	15%	Targeted Rates	5-15%
			User Charges	0-5%

### **BENEFICIARIES AND EXACERBATORS**

**National Benefit:** There is an element of National Benefit to Council's Land Transport function in that National outcomes and priorities can be advanced at a local level and the national network contributes to national social and economic development.

**Regional Benefit:** There is an element of Regional Benefit to Council's Land Transport function in that Regional outcomes and priorities can be advanced at a local level and the regional network contributes to economic and social development.

**District Benefit:** There is significant District Benefit to Council's Land Transport function as it facilitates transport throughout the district.

**Commercial Benefit:** Land transport benefits the commercial section that is able to organise and run events for a commercial return.

**User Benefit:** The Land Transport function is considered to have a benefit to the user.

### **FUNDING**

**National Allocation:** Given the National Benefits associated with Land Transport a subsidy of 51% is provided by the government for subsidised works.

**Regional Allocation:** Given the Regional Benefits associated with Land Transport other income may be claimable from the Regional Council.

**District Allocation:** Given the District wide benefit associated with the Land Transport function either the General Rate or UAGC (or a combination of these charges) is recommended as the funding tool for this allocation.

**Commercial Allocation:** Given the benefit associated with environmental management a targeted rate is recommended as the funding tool for this allocation.

**User Allocation:** Where a user benefit is identifiable and able to be recovered this will be done via a targeted rate or user charges. User charges will be minimal and will target between 0 – 5% recovery of the activity.

### **Investments**

The Investments Activity works to provide funds to provide future development for the district. This is achieved by the following functions:

- Investments

### **Intergenerational Equity Issues**

The function within this Activity are considered to be operational in nature and therefore annually funded. Certain functions require infrastructure and other assets to deliver the desired level of service and some of these have a useful life well beyond one year. These assets are usually created with the use of long term loans which spreads the construction cost over time so future users contribute to the asset creation.

### **Costs and Benefits**

The merit of identifying and accounting for this Activity separately from other Activities enables:

- More transparent disclosure and accountability of projects and funding to the Community.
- Greater opportunity for the Community to have input on decisions, proposals, issues and other matters through consultation.
- Identification of how the Activity contributes to the achievement of Community Outcomes and service delivery goals through detailed understanding and planning.
- Improved monitoring of the Activity in terms of how well Council is achieving its Community Outcomes annually.
- Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.



Description of Service	Attributable Benefit		Allocation of Funding	
	Benefit Group	% Of Benefit	Funding Method	% Of Funding
Council investments are low risk and in core council activities. We are concerned to protect our investment and accept a lower rate of return.	National Benefit	5%	No mechanism	
	Regional Benefit	25%	No mechanism	
	District Benefit	70%	Rates	80-90%
			Fees and Charges	10-20%

**BENEFICIARIES AND EXACERBATORS**

**National Benefit:** There is an element of National Benefit to Council Investments in that National outcomes and priorities can be advanced at a local level.

**Regional Benefit:** There is an element of Regional Benefit to Council Investments in that Regional outcomes and priorities can be advanced at a local level.

**District Benefit:** There is significant District Benefit to Council Investments in funds are invested for improvements in community services.

**FUNDING**

**National Allocation:** There is no lawful funding mechanism available to Council to recover from this group of beneficiaries.

**Regional Allocation:** There is no lawful funding mechanism available to Council to recover from this group of beneficiaries.

**District Allocation:** Given the District wide benefit associated with the Council Investments either the General Rate or UAGC (or a combination of these charges) is recommended as the funding tool for this allocation.



Image: Raft race – part of the Ōpōtiki Summer Fest Festival – Summer 2015

## Policy: Rates Remission on General Land

### Introduction:

The Rates Remission on General Land policy identifies the circumstances where the council will consider rates relief on general land.

### 1 COMMUNITY, SPORTING AND OTHER ORGANISATIONS

#### Preamble

Section 8 of the Local Government (Rating) Act 2002 provides for certain categories of land to have rates assessed not exceeding 50% of the rates that would have otherwise been assessed. These categories of land are more specifically detailed in the Act as:

#### Part 2:

Land 50% non-rateable:

1. Land owned or used by a society incorporated under the Agricultural and Pastoral Societies Act 1908 as a showground or place of meeting.
2. Land owned or used by a society or organisation of persons (whether incorporated or not) for games or sports, except galloping races, harness races, or greyhound races.
3. Land owned or used by a society or organisation of persons (whether incorporated or not) for the purpose of any branch of the arts.

#### Notes:

For the purposes of this part, unless the context otherwise requires, **land** does not include land used for the private pecuniary profit of any members of the society or association. **Land**, in clause 2, excludes land in respect of which a club licence under the Sale of Liquor Act 1989 is for the time being in force.

However, in addition there are other groups which Council believes should have a remission.

#### Objective

To facilitate the ongoing provision of non-commercial (business) community services and non-commercial (business) recreational opportunities for the residents of Ōpōtiki district.

The purpose of granting rates remission to an organisation is to:

- assist the organisation's survival; and
- make membership of the organisation more accessible to the general public, particularly disadvantaged groups – these include children, youth, young families, aged people, and economically disadvantaged people.

#### Conditions and criteria

This part of the policy will apply to land owned by the Council or owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes.

The policy does not apply to organisations operated for private pecuniary profit.

The policy will also not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.

Rate remission under this policy will be limited to 50% of the general or targeted rates. No remission will be granted on the targeted rates for water supply, sewage disposal or refuse collection.

Applications for remission must be made on the prescribed form (available from the Council Office).

The application for rate remission must be made to the Council prior to April 1 for the next rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

Council reserves the right to apply this remission to properties it feels fit the criteria.

Organisations making application should include the following documents in support of their application:

- statement of objectives; and
- financial accounts; and
- information on activities and programmes; and
- details of membership or clients.

The policy shall apply to such organisations as approved by the Council as meeting the relevant criteria. The discretion of approving or rejecting any application is the sole determination of Council. Council may delegate the authority to make such approvals to particular Council Officers as specified by a resolution of Council.

### 2 UNIFORM CHARGES ON RATING UNITS OWNED BY THE SAME OWNER

#### Preamble

Section 20 of the Local Government (Rating) Act 2002 provides for two or more rating units to be treated as 1 unit for setting a rate if those units are:

- a) owned by the same person or persons; and
- b) used jointly as a single unit; and
- c) contiguous or separated only by a road, railway, drain, water race, river or stream.

However, sub-divided land owned by a developer while contiguous is not held for the same purpose as each lot can be sold separately to a different purchaser. This has had additional implications where properties of more than one lot are now treated as separate

properties. Further there are ownership of properties which to all intent and purposes is similar and which Council consider should have relief under this policy.

#### Objectives

To provide for relief from uniform charges on land held by a developer or what was formerly a single property but now treated as two or more properties and properties to which the ownership, to all intents and purposes, is similar.

**Conditions and criteria**

Rating units that meet the criteria under this policy may qualify for a remission of uniform annual general charges and any targeted rate set on the basis of a fixed dollar charge per rating unit. The ratepayer will remain liable for at least one set of each type of charge.

The rating units on which remission is made must to all intents and purposes have the same owner.

Only one of the units may have any residential dwelling situated on the rating unit.

The application for rate remission must be made to the Council prior to April 1 for the next rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

Council reserves the right to apply this remission to properties it feels fit the criteria.

Ratepayers wishing to claim a remission should make an application on the required form (available from the Council Office).

The policy shall apply to such organisations approved by the Council as meeting the relevant criteria. The discretion of approving or rejecting any application is the sole determination of Council. Council may delegate the authority to make such approvals to particular Council Officers as specified by a resolution of Council.

**3 PENALTIES****Preamble**

Council has large rate arrears and it can be an incentive to collection of back years' arrears if some concession is made in collection of these penalties. Further where owners are prepared to enter into formal payment arrangements any penalties incurred through timing of payments should be waived. There are also other extenuating circumstances where it may be just and equitable to waive penalties.

**Objective**

The objective of this part of the remissions policy is to:

- a) enhance the collection of back years' rates;
- b) enable the Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the penalty date due to circumstances outside the ratepayer's control.

**Conditions and criteria**

Automatic remission of the penalties incurred on instalments one and two will be made where the ratepayer pays the total amount due for the year on or before the penalty date of the third instalment.

Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption. Remission will be considered in the case of death, illness, or accident of a family member, as at the due date.

Remission of the penalty will be granted if the ratepayer is able to provide evidence that their payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.

Decisions of remission of penalties will be delegated to officers as set out in the Council's delegations resolution.

**4 ECONOMIC DEVELOPMENT****Preamble**

The Ōpōtiki District is one where employment opportunities have been few and far between. Council is also concerned that raw products from farming and forestry in the District leave the District for further processing. The Council wishes to attract investment in processing-type industries, and considers that rate remissions during the development phase of investment projects will assist in achieving this objective.

**Objective**

To promote employment and economic development within the district by assisting new business.

**Conditions and criteria**

This part of the policy applies to commercial and/or industrial development that involves the construction, erection or alteration of any building or buildings, fixed plant and machinery, or other works intended to be used for industrial, commercial or administrative purposes.

Horticultural and residential development may qualify for remission under this part of the policy.

In considering applications for remission under this part of the policy, Council will have regard to the following criteria:

- the likely financial advantage to the district
- employment opportunities
- the extent to which developments of the particular type or types are likely to be promoted or prejudicially affected by the granting of rates remissions.

Applications must be made in writing and must be supported by:

- a description of the development
- a plan of the development (where possible)
- an estimate of costs
- an estimate of the likely number of jobs created by the development.

Applications for remission for economic development will be considered by Council. In considering applications, Council may decide to seek independent verification of any information provided on an application.

## Council Policies

Council will decide what amount of rates will be remitted on a case by case basis, subject to a maximum amount of 50 percent of rates owing, and a maximum remission period of five years from the commencement of the development. For the purposes of this part of the policy, a project will be viewed as having commenced when resource consent is issued.

In granting remissions under this part of the policy, Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

### **5 LAND USED FOR NATURAL, HISTORIC OR CULTURAL AND CONSERVATION PURPOSES**

#### **Objective**

To preserve and promote natural resources and heritage to encourage the protection of land for natural, historic or cultural purposes. This policy will support the provisions of the Ōpōtiki District Council District Plan.

#### **Conditions and criteria**

Ratepayers who own rating units which have some feature of cultural, natural or historic heritage which are voluntarily protected may qualify for remission of rates under this part of the policy.

Land that is non-rateable under section 8 of the Local Government (Rating) Act and is liable only for rates for water supply, sewage disposal or refuse collection will not qualify for remission under this part of the policy.

Applications must be made in writing. Applications should be supported by documentary evidence of the protected status of the rating unit, e.g. a copy of the Covenant or other legal mechanism.

Applications for the remission for protection of heritage will be considered by Council. In considering any application for remission of rates under this part of the policy, Council will consider the following criteria:

- the extent to which the preservation or natural, cultural or historic heritage will be promoted by granting remission of rates on the rating unit
- the degree to which features of natural, cultural or historic heritage are present on the land
- the degree to which features of natural, cultural or historic heritage inhibit the economic utilisation of the land
- the extent to which the preservation of natural, cultural or historic heritage will be promoted by granting remission of rates on the rating unit.

Council will decide what amount of rates will be remitted on a case by case basis.

In granting remissions under this part of the policy, Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

### **6 RATES REMISSION FOR A RATING UNIT AFFECTED BY CALAMITY**

#### **Objective of Policy**

The objective of this remission policy is to permit the Council to remit part or whole of the rates charged in any financial year on any land that has been detrimentally affected by erosion, subsidence, submersion, or other calamity.

#### **Conditions and Criteria**

The Council may remit the rates charged on a rating unit if:

1. Land is detrimentally affected by erosion, subsidence, submersion, or other natural calamity or
2. The land is unable to support the activity for which it was used prior to the calamity, for example a residence or commercial building that is unable to be occupied as a result of a calamity.

Rates remissions will only be considered and made following the receipt of an application by a qualifying property to the financial year in which the application was received. There will be no backdating of rates remissions.

Rates remissions (for part or all) may be applied to all rates charged on the qualifying properties.

### **7 POLICY RATE REMISSION FOR EXTREME FINANCIAL HARDSHIP**

#### **Objective of the Policy**

The objective of the policy is to assist ratepayers experiencing extreme financial hardship which affects their ability to pay rates and it is considered that the postponement policy for the same purpose is not appropriate.

#### **Conditions and Criteria**

Remissions of rates in part or in whole may be given in cases of extreme financial hardship where it is considered by Council that the postponement policy for the same purpose is not appropriate.

The ratepayer must make application to Council on the prescribed form.

The rating unit which is the subject of the application must be used solely as a domestic residence, be the normal place of residence of the ratepayer and the ratepayer must not own any other property in the Ōpōtiki or any other district. (An interest in Maori freehold land in multiple ownership is not included in this exclusion)

The policy does not apply to vacant land.

The remission will be granted to natural persons only.

Council must be satisfied that extreme financial hardship exists or would be caused by requiring payment of the whole or part of the rates.



The ratepayer must provide any evidence that the Council deems appropriate to support the claim for extreme financial hardship.

The ratepayer must make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

## 8 WATER RATES ATTRIBUTABLE TO WATER LEAKS

In order to provide relief to people in situations where water usage is high due to a water leak, Council may remit water consumption rates where all of the following apply:

- A remission application has been received; and
- Council is satisfied a leak on the property has caused excessive consumption and is recorded on the water meter; and
- The leak has been repaired within one calendar month of being identified (unless evidence is provided that the services of an appropriate repairer could not be obtained within this period); and
- Proof of the leak being repaired has been provided to Council promptly after repair of the leak.

The amount of the remission will be the difference between the average consumption of the property and the consumption over and above that average.

Remission for any particular property will generally be granted only once every year. However where a remission for a water leak has been granted to a property under this policy within the last year, the remission decision is to be made by the Finance and Corporate Services Manager.

Any remission over 2000 cubic meters of water is to be referred to the Council for decision.

## 9 APPLICATION

Applications for remissions shall be considered by Council.

## Policy: Rates Remission on Māori Freehold Land

### Introduction:

The Remission of Rates on Maori freehold land policy explains the criteria and conditions used to determine whether rates should be waived on this land. The Opotiki District has a significant amount of Maori Freehold land.

### 1. BACKGROUND

Section 108 of the Local Government Act 2002 calls on Councils to adopt a policy on remission and postponement of rates on Maori freehold land.

### 2. DEFINITIONS

Maori freehold land is defined by the Local Government (Rating) Act 2002 as being "Land whose beneficial ownership has been determined by the Maori Land Court by freehold order" The same Act states (Clause 91):

*"Except where this part otherwise provides, Maori freehold land is liable for rates in the same manner as it if were general land".*

The term "unoccupied" means that the land is not occupied. Occupation is where person/persons do one or more of the following for his or her profit or benefit:

1. Resides upon the land.
2. Depastures or maintains any livestock whatsoever on the land.
3. Cultivates the land and plants crops there on.
4. Stores anything upon the land.
5. Uses the land or any improvements thereon in any way.

### 3. PRINCIPLES

The principles used to establish this policy are:

- (a) That, as defined in Section 91 of the Local Government (Rating) Act 2002, Maori freehold land is liable for rates in the same manner as if it were general land.
- (b) That, Council is required to have a policy on rates relief on Maori freehold land.
- (c) That Council and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non-collectible.
- (d) That applications for relief meet the criteria set by Council.
- (e) That the policy does not provide for the permanent remission or postponement of rates on the property concerned.

### 4. OBJECTIVES

- (a) Supporting the use of the land by the owners for traditional purposes.
- (b) Recognising and supporting the relationship of Maori and their culture and traditions with their ancestral land.
- (c) Avoiding further alienation of Maori Freehold Land.
- (d) Facilitating any wish of the owners to develop the land for economic use.
- (e) Recognising and taking account of the presence of waahi tapu that may affect the use of the land for other purposes.

## Council Policies

- (f) Recognising and taking account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere).
- (g) Recognising and taking account of the importance of the land for the community goals relating to:
  - (i) Presentation of the natural characteristics of the coastal environment;
  - (ii) Protection of outstanding natural features; and
  - (iii) Protection of significant indigenous vegetation and significant habitats of indigenous fauna.
  - (h) Recognising the level of community services provided to the land and its occupiers.
  - (i) Recognising matters related to the physical accessibility of the land.

The following section sets out a discussion of each of the objectives the Act requires the Council to take into account.

### **4.1 Objective (a) - Supporting the use of the land by the owners for traditional purposes**

#### **Discussion:**

In consideration of this objective it is important to remove discussion of Marae, Urupa and other Customary Land as these titles are exempt from Rates (Schedule 1 Local Government [Rating] Act 2002. Also waahi tapu land is discussed under Objective (e).

It is considered that papakainga housing within the District does warrant specific recognition for rating purposes under the principles adopted by Council. However consideration could be made under other remission policies for the amalgamation of papakainga and associated land blocks for the purposes of calculation of uniform general charge rates.

With these exceptions it is considered that only minimal land would be used for traditional purposes such as the gathering of medicines. The scope of such land would be so small as to not warrant a remission policy.

#### **Conclusion**

It is considered that this objective is not being hampered by the non-existence of a policy, nor would a policy facilitate attainment of the objective.

### **4.2 Objective (b) - Recognising and supporting the relationship of Maori and their culture and traditions with their ancestral land**

#### **Discussion**

The two significant ways that the objective could be hindered by the rating system are:

1. Waahi tapu – covered in objective (e)
2. Charging rates at such a high value to forbid utilisation of the land – covered under objective (d)

#### **Conclusion**

It is considered that this objective is not being hampered by the non-existence of a policy nor would a policy facilitate attainment of the objective.

### **4.3 Objective (c) - Avoiding further alienation of Maori freehold land**

#### **Discussion**

Council confirms its objective to avoid further alienation of Maori freehold Land. It is considered that the Te Ture Whenua Act provides such protection for the future.

#### **Conclusion**

It is considered that this objective is not being hampered by the non-existence of a policy, nor would a policy facilitate attainment of the objective.

### **4.4 Objective (d) - Facilitating any wish of the owners to develop the land for economic use.**

#### **Discussion**

Council has traditionally operated rates remission policies for Maori freehold land in recognition that the value of the land would lead to a rate charge which would render the land uneconomic if full rates were payable. In recent years Council has adopted two such policies, one from Section 25 of the previous Rating Act and, more recently, a Pilot Rates Relief Policy.

Both the previous policies recognise that in general, land in coastal areas or urban areas used essentially for rural purposes cannot generate a sufficient return. These policies do not challenge the valuation placed on the land but rather provide a mechanism that allows for the payment of some rates in circumstances where full rates are not realistic, often based on the return or use and income derived from the land. The policies recognise that the tenure of Maori freehold land makes sale and raising debt against the land very difficult. Setting a value on a basis of willing seller/willing buyer can therefore produce anomalies.

#### **Conclusion**

Attainment of this objective will be prejudicially affected if there is no policy that allows remission, with significant blocks of Maori freehold land being rendered unproductive.

A properly considered policy would build on the work of previous policies and facilitate the increased development of Maori freehold land. This policy calls for Council to prepare a "Maori Land Economic Adjustment Remission List". That Council consider remission for property that meets the following criteria:

*The property carries a best potential use value that is significantly in excess of the economic value arising from its actual use.*

The remission for land recorded in the Maori Land Economic Adjustment Remissions List will be the difference between the rates as assessed and the rates that would be assessed based on the actual use of the land.

No remission will be granted on targeted rates for water supply, sewerage or refuse collection.

**4.5 Objective (e)** - *Recognising and taking account of the presence of waahi tapu that may affect the use of the land for other purposes.*

#### Discussion

Waahi Tapu land is of special significance for Iwi and Hapu of the district. Generally the land is considered inappropriate for any occupation which therefore renders it impossible to generate income to pay the rates. Waahi Tapu land should be recognised as special land within the District.

The lack of rates remission on this land will place a continuing burden on those charged and continue to create ill-will between the owners and Council as rate arrears mount. A rates remission policy would recognise the special significance of the land in a tangible manner.

#### Conclusion

This policy requires Council to prepare a “Maori Land General Remission List” to address land which is waahi tapu.

**4.6 Objective (f)** - *Recognising and taking account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere)*

#### Discussion

Historically there have been blocks of land used for servicing marae. This land has been used for the raising of animals or non-commercial food to supply activities on the marae when required at tangi, weddings etc. It is considered that in present times these activities are of a very small scale and are difficult to identify.

#### Conclusion

It is considered that this objective is not being hampered by the non-existence of a policy nor would a policy facilitate attainment of the objective.

**4.7 Objective (g)** - *Recognising and taking account of the importance of the land for the community goals relating to:*

- (i) *Preservation of the natural characteristics of the coastal environment.*
- (ii) *Protection of outstanding natural features.*
- (iii) *Protection of significant indigenous vegetation and significant habitats of indigenous fauna.*

#### Discussion

It is recognised that some Maori freehold land is unspecified and not generating an income. The owners consider that they are the caretakers of a significant piece of land for future generations and for the wider community.

The lack of rates remission on this land will place continuing burden on those charged and continue to create ill will between the owners and Council as rate arrears mount. A rates remission policy would recognise the special significance of the land in a tangible manner.

#### Conclusion

This policy requires Council to prepare a “Maori Land General Remission List” to address land which contributes to community goals:

1. Preservation of the natural characteristics of the coastal environment
2. Protection of outstanding natural features
3. Protection of significant indigenous vegetation and significant habitats of indigenous fauna.

**4.8 Objective (h)** - *Recognising the level of community services provided to the land and its occupiers.*

#### Discussion

Council recognises that the delivery of services is not equal throughout the district but notes that the valuation basis used recognises the level of Council services provided. In addition, targeted rates are used to identify significant services delivered to sections of the district.

#### Conclusion

It is considered that this objective is not being hampered by the non-existence of a policy, nor would a policy facilitate attainment of the objective.

**4.9 Objective (i)** - *Recognising matters related to the physical accessibility of the land.*

#### Discussion

A portion of Maori freehold land in the Opotiki District is “land-locked”. This means past actions have removed or not allowed any legal access to some blocks of Maori Land.

The fact that this land does not have any access does restrict its use and therefore earning capacity. Additionally some Maori freehold land is in effect swamp land, or so rugged that use of the land is impossible. In theory these aspects of the land should be recognised by the valuation.

The lack of rates remission on this land will place continuing burden on those charged and continue to create ill will between the owners and Council as rate arrears amount. A rates remission policy would recognise the special significance of the land in a tangible manner.

#### Conclusion

This policy requires Council to prepare a “Maori Land General Remission List” to address land which is inaccessible.

## 5. SUMMARY

Council considers this policy for remission of rates on Maori Freehold Land will achieve the aim: *To ensure the fair and equitable collection of rates from all sectors of the community recognising that certain Maori freehold land have particular conditions, features, ownership structures or other circumstances which make it appropriate to provide relief from rates.*

## 6. CONDITIONS OF CRITERIA

Council will maintain a register titled the “Maori Land Rates Relief Register (‘the Register’) for the purpose of recording properties on which it has agreed to remit rates pursuant to this policy.

## Council Policies

The Register will comprise two category lists, these being:

1. The "Maori Land General Remissions List"
2. The "Maori Land Economic Adjustment Remissions List"

### **7. MAORI LAND GENERAL REMISSIONS LIST**

Council will consider remission for property that comes within the following criteria:

The land is unoccupied and:

- (a) The land is set aside as Waahi Tapu; or
- (b) The land is set aside for the preservation of natural characteristics of the coastal environment; or
  - to protect the outstanding natural features; or
  - to protect significant indigenous vegetation and significant habitats or indigenous fauna ; or
- (c) The land is inaccessible

The remission for land recorded in the Maori Land Remissions List will be up to 100% of any rates except targeted rates made for water supply, sewerage disposal or waste management.

### **8 MAORI ECONOMIC ADJUSTMENT REMISSIONS LIST**

Council will consider remission for property that comes within the following criteria:

- (a) The property carries a best potential use value that is significantly in excess of the economic value arising from its actual use.

The remission for land recorded in the Maori Land Economic Adjustment Remissions List will be the difference between the rates as assessed and the rates that would be assessed based on the actual use of the land.

No remission will be granted on targeted rates for water supply, sewage disposal, or refuse collection.

Application for land to be added to the Maori Land Economic Adjustment Remission List should be made on the prescribed form by 1 April prior to the rating year. Applications made after that date may be accepted at the discretion of Council.

Owners or trustees making application should include the following information in their applications:

- (a) Details of the property.
- (b) The objectives that will be achieved by providing a remission.
- (c) Documentation that proves the land which is the subject of the application is Maori Freehold land.

Council may, at its own discretion, add properties to the lists.

Relief and the extent thereof, is at the sole discretion of Council and may be cancelled and reduced at any time.

Council will review the Register annually and may:

- (a) add properties that comply
- (b) remove properties where the circumstances have changed and which no longer comply.

## Policy: Rates Postponement on Maori Land

### **Background**

The Rates Postponement on Maori Land policy explains the circumstances where rate relief can be granted.

### **Purpose**

To facilitate the development and use of the land for economic use where Council considers utilisation would be uneconomic if full rates are required during the years of development and establishment of pasture or crop.

### **Policy Statement**

#### **Conditions and criteria**

Council will consider postponement of rates where previously unoccupied land is subject to clearing, development, and the growing of crops.

Application should be made prior to commencement of the development. Applications made after the commencement of the development may be accepted at the discretion of Council.

Making application should include the following information in their applications:

- (i) details of the property
- (ii) the objectives that will be achieved by providing postponement
- (iii) details of the proposed development

Council will consider postponement for each individual application according to the circumstances of that application.

No postponement will be granted on targeted rates for water supply, sewage disposal, or refuse collection.

Council may also, at its discretion, partially remit rates that are otherwise subject to postponement.

### **Delegations**

The following position holders have delegated authority from Council using the policy principles above:

#### **Finance and Corporate Services Manager**

All operational matters within their job description.

## Postponement of Rates in Cases of Extreme Hardship

### Background

The Council as a large portion of its ratepayers on fixed incomes and is concerned that a portion of these people may have difficulty meeting rates. In particular, elderly ratepayers who are asset rich but income poor. Council considers that the best way of dealing with the issue is postponement of rates until death, and recovering unpaid rates from the estate.

### Purpose

The Postponement of Rates in Cases of Extreme Financial Hardship policy outlines the circumstances and conditions under which a rates postponement is considered. The policy is to assist ratepayers with financial circumstances that affect their ability to pay rates.

### Policy Statement

#### 1 Objective

The objective of this part of the policy is to assist ratepayers experiencing extreme financial circumstances which affect their ability to pay rates.

#### 2 Conditions and criteria

Only rating units used solely for residential purposes (as defined by Council) will be eligible for consideration for rates postponement for extreme financial circumstances.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of, and have owned for not less than 5 years, the rating unit which is the subject of the application. The person entered on council's rating information database as the 'ratepayer' must not own any other rating units or investment properties (whether in the district or in another district).

The ratepayer (or authorised agent) must make an application to council on the prescribed form (copies can be obtained from Council's Office).

The Council will consider, on a case by case basis, all applications received that meet the criteria described in the first two paragraphs under this section. Council will delegate authority to approve applications for rates postponement to particular officers.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors:

- age
- physical or mental disability
- injury
- illness
- family circumstances

Before approving an application Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day to day living expenses.

Where Council decides to postpone rates the ratepayer must first make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Any postponed rates will be postponed until:

- the death or the ratepayer(s); or
- until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
- until the ratepayer(s) ceases to use the property as his/her residence; or
- until a date specified by Council

Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year. The fee that will be charged each financial year is \$50.

Even if rates are postponed, as a general rule, the ratepayer will be required to pay the first \$500 of the rate account.

The policy will apply from the beginning of the rating year in which the application is made although Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

### Delegations

The following position holders have delegated authority from Council using the policy principles above:

#### Finance and Corporate Services Manager



## Policy: Development Contributions and Financial Contributions

### Introduction:

The Policy on Development Contributions and Financial Contributions outlines the Council's policy on the use of development and financial contributions. A development or financial contribution is a contribution of money or land (including reserve land), or both.

### 1 PREAMBLE

Under the Local Government Act, the Council is required to have a policy on development contributions and financial contributions as part of its funding and financial policies. Development contributions may be required if the Council's policy is to collect development contributions.

Council is proposing that from 1 July 2015 it will not require development contributions for development that triggers section 198(1) of the Local Government Act 2002 ("LGA") on or after 1 July 2015. This changes the practice from the period 1 July 2004 to 30 June 2015 when development contributions have been required for new recreation facilities and roading.

It is Council policy to continue to collect development contributions for assessments made on or before 30 June 2015 and to allocate the development contributions collected for qualifying projects previously included in Councils former policies for development contributions on the same basis as previously prescribed. These projects are identified in the 2015-25 Long Term Plan.

Financial contributions are currently taken by Council as consent conditions for subdivision and land use activities approved under the Resource Management Act 1991("RMA"). Formulae are specified in the District Plan for collecting financial contributions to remedy or mitigate the adverse effects of subdivisions on District roads and reserves.

Financial contributions for reserves and subdivision undertaken on roads listed under Section 11.3.4.4 of the District Plan will continue to be collected under the District Plan provisions. This is to enable Council to recover 100% of the cost of upgrading a number of identified roads in the District that are currently at capacity and where additional traffic loading would make the use of those roads non-viable.

### 2 DEVELOPMENT POLICY

It is proposed that the policy of the Ōpōtiki District Council ('the policy') is to cease the requirement for development contributions for new development from 1 July 2015.

### 3 CIRCUMSTANCES WHERE A DEVELOPMENT CONTRIBUTION IS PAYABLE

The Council will not require development contributions for development that triggers section 198(1) of the LGA from 1 July 2015.

### 4 CAPITAL EXPENDITURE FOR COMMUNITY FACILITIES

Except for development contributions required under assessments prior to 1 July 2015 to meet the components of qualifying capital works projects for community infrastructure arising from growth, the Council will fund the remaining costs of capital works for other community facilities from other sources.

See Table 1 for the estimate of capital expenditure for which development contributions collected prior to 1 July 2015 will be allocated.

### 5 REFUNDS OF DEVELOPMENT CONTRIBUTIONS

Section 209 of the LGA applies, and requires the refund of money or return of land if:

- The resource consent lapses or is surrendered; or
- The building consent lapses; or
- The development or building in respect of which the resource consent or building consent was granted does not proceed; or
- The Council does not provide the reserve, network infrastructure or community infrastructure for which the development contribution was required.

The Council may retain any portion of a development contribution or land of a value equivalent to the costs incurred by the Council in relation to the development or building and its discontinuance.

### 6 DEVELOPMENT CONTRIBUTIONS AND FINANCIAL CONTRIBUTIONS

Development Contributions under the LGA are different from Financial Contributions under the Resource Management Act 1991 (RMA).

Financial contributions under the RMA are primarily used for infrastructure provision as mitigation of the effects of activities whereas development contributions have in the past been used for capital improvements to land (e.g. playgrounds, toilets, pavilions, car parking, roading upgrades) required as a result of growth.

The Council has in place financial contributions policies, objectives and rules in the District Plan. These are summarised below.

The Council may include conditions requiring financial contributions as defined in Section 108(9) of the RMA upon the granting of a resource consent. Financial contributions are imposed for the purpose of achieving the objectives of the District Plan. This section contains general objectives, policies, and rules relating to financial contributions.

Financial contributions are imposed so that the costs associated with new development or activity do not fall inequitably upon the entire community. The District Plan uses financial contributions to build into the cost of any new development any physical and environmental costs that can be identified. Contributions are imposed in respect to roads, water supply, storm water, sewerage, reserves, and parking. They are intended to cover a fair share of the cost of expanding the capacity of existing systems to cope with additional demand from new development or activity. They are also intended to impose upon the developer a fair share of the burden of avoiding, remedying, or mitigating the adverse effects resulting from development and new activity.

Having considered the factors in section 101(3) of the LGFA, the Council recognises that development in different parts of the district places different costs on Council and different loadings on infrastructural systems. A flat fee across the entire district would be unfair for development in areas where there are low additional costs. Financial contributions will reflect as close as possible the actual costs associated with ensuring positive effects from anticipated development.

**7 EXPLANATION OF FINANCIAL CONTRIBUTION PROVISIONS**

The provisions that relate to financial contributions in the District Plan prepared under the RMA are detailed in Section 1 of the Ōpōtiki District Plan. These provisions include a statement of the resource management issues, the objectives and policies, the rules, an explanation of reasons for the provisions and the anticipated environmental outcomes.

There are specific rules which:

- authorise the imposition of conditions of resource consent relating to financial contributions; and
- provide for the manner in which the Council will assess whether to impose conditions requiring financial contributions and the amount of such contributions; for:
  - (i) car parking (rule 11.3.3), based on the cost of forming the number of car parks required by an activity pursuant to the development rules in the Plan but not otherwise provided;
  - (ii) roading (rule 11.3.4), based on the cost of road formation, sealing or other roading works required as a result of the consented development, and depending on whether the relevant road is sealed or unsealed;
  - (iii) water supply, sewerage networks and stormwater treatment (rule 11.3.5), based on the upgrade costs of those network services required as a result of the development;
  - (iv) reserves (rule 11.3.6), based on the cost of acquiring and improving reserves to meet increases in the number of households, which has been calculated as \$790 (excluding GST) per new allotment created.

These financial contribution provisions are intended to deal with the effects of activities, including the effect of growth on infrastructure and the need to fund increased capacity of that infrastructure to avoid other adverse effects (such as congestion, flooding etc)

**8 POLICY REVIEW**

The Council next expects to review this policy during the preparation of the 2018 LTP. Any proposed amendment to the policy before that time will be consulted on in a manner that gives effect to the requirements of section 82 of the LGA.

Table 1: Estimated capital expenditure and funding of growth for previous qualifying recreational facilities projects

Expenditure	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Recreational Facilities	261,388	130,615	96,282	99,157	102,237	105,720	109,290			
Growth @ 15%	39,208	19,592	14,442	14,874	15,336	15,858	16,394			
<b>Funding</b>										
Development Contributions	39,208	19,592	14,442	14,874	15,336	15,858	16,394			
Other sources	222,180	111,023	81,840	84,283	86,901	89,862	92,896			
<b>Total</b>	<b>261,388</b>	<b>130,615</b>	<b>96,282</b>	<b>99,157</b>	<b>102,237</b>	<b>105,720</b>	<b>109,290</b>	<b>0</b>	<b>0</b>	<b>0</b>

Council has determined the funding sources as disclosed in the table above as being an appropriate allocation of the contributions already collected.

The above table indicates where Council will spend development contributions that it has received. Council may also collect financial contributions as identified earlier however there are no specific projects in the Long Term Plan that we allocate Financial Contributions to. These are generally used to mitigate adverse effects of a specific resource consent application initiated by a ratepayer or developer, we haven't made any assumptions about when these will occur.

Any financial contributions collected will be used as specified in consent conditions of the resource consent. These will generally relate to the requirement for car parking, roading, water supply, sewerage networks, storm water treatment, and reserves.

General advice (not forming part of the Policy): Council has a new funding policy for capital expenditure to be adopted as part of the 2015-25 Long Term Plan. Notwithstanding the application of contributions already collected, capital expenditure will be funded as follows from 1 July 2015;

Expenditure Type	Funding Source
Renewal of existing assets	Depreciation Reserves
Increase in level of service	Loan
Growth in demand	Loan

\* All types of capital expenditure may be funded by subsidies, in fact grant and subsidy revenue is sought to help fund any expenditure where there is funding available.

## Policy: Treasury Risk Management Policy and Procedures including Liability Management and Investment Policies

### 1.0 INTRODUCTION

#### 1.1 Policy purpose

The purpose of the Treasury Risk Management Policy (“Policy”) is to outline approved policies and procedures in respect of all treasury activity to be undertaken by Opotiki District Council (“Opotiki”). The formalisation of such policies and procedures will enable treasury risks within Opotiki to be prudently managed.

As circumstances change, the policies and procedures outlined in this Policy will be modified to ensure that treasury risks within Opotiki continue to be well managed. In addition, regular reviews will be conducted to test the existing Policy against the following criteria:

- Industry “best practices” for a Council the size and type of Opotiki.
- The risk bearing ability and tolerance levels of the underlying revenue and cost drivers.
- The effectiveness and efficiency of the Policy and treasury management function to recognise, measure, control, manage and report on Opotiki’s financial exposure to market interest rate risks, funding risk, liquidity, investment risks, counterparty credit risks and other associated risks.
- The operations of a pro-active treasury function in an environment of control and compliance.
- The robustness of the Policy’s risk control limits and risk spreading mechanisms against normal and abnormal interest rate market movements and conditions.
- Assistance to Opotiki in achieving strategic objectives relating to ratepayers.

It is intended that the Policy be distributed to all personnel involved in any aspect of the Opotiki’s financial management. In this respect, all staff must be completely familiar with their responsibilities under the Policy at all times.

### 2.0 SCOPE AND OBJECTIVES

#### 2.1 Scope

- This document identifies the policy and procedures of Opotiki in respect of treasury management activities.
- The Policy has not been prepared to cover other aspects of Opotiki’s operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of Opotiki cover these matters.

### 2.2 Treasury management objectives

The objective of this Policy is to control and manage costs and investment returns that can influence operational budgets and public equity and set debt levels.

#### Statutory objectives

- All external borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy.
- Opotiki is governed by the following relevant legislation;
  - Local Government Act 2002, in particular Part 6 including sections 101,102,104 and 105.
  - Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
  - Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. Details of relevant sections can be found in the Trustee Act 1956 Part II Investments.
- All projected external borrowings are to be approved by Council as part of the Annual Plan or the Long Term Planning (LTP) process or resolution of Council before the borrowing is affected.
- Council will not enter into any borrowings denominated in a foreign currency.
- Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Council itself.
- A resolution of Council is not required for hire purchase, credit or deferred purchase of goods if:
  - The period of indebtedness is less than 91 days (including rollovers); or
  - The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of Council.

#### General objectives

- To manage investments and the protection of investment capital, optimise returns whilst balancing risk and return considerations within the parameters of the Policy.
- Minimise Council’s costs and risks in the management of its borrowings.
- Minimise Council’s exposure to adverse interest rate movements.
- Monitor, evaluate and report on treasury performance.
- Borrow funds and transact risk management instruments within an environment of control and compliance under the Council approved Policy so as to protect Council’s financial assets and manage costs.
- Arrange and structure external long term funding for Council at the lowest achievable margin cost from debt lenders. Optimise flexibility and spread of debt maturity within the funding risk limits established by this Policy statement.

- Monitor and report on financing/borrowing covenants and ratios under the obligations of Council's lending/security arrangements.
- Comply with financial ratios and limits stated within this Policy.
- Monitor Council's return on investments.
- Ensure the Council, management and relevant staff are kept abreast of the latest treasury products, methodologies, and accounting treatments through training and in-house presentations.
- Maintain appropriate liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements.
- To minimise exposure to credit risk by dealing with and investing in credit worthy counterparties.
- Ensure that all statutory requirements of a financial nature are adhered to.
- To ensure adequate internal controls exist to protect Council's financial assets and to prevent unauthorised transactions.
- Develop and maintain relationships with financial institutions, the LGFA, brokers and investors.

**2.3 Policy setting and management**

The Council approves Policy parameters in relation to its treasury activities. The Council's Chief Executive has overall financial management responsibility for the Council's borrowing and investments.

**3.0 GOVERNANCE AND MANAGEMENT RESPONSIBILITIES**

**3.1 Overview of management structure**

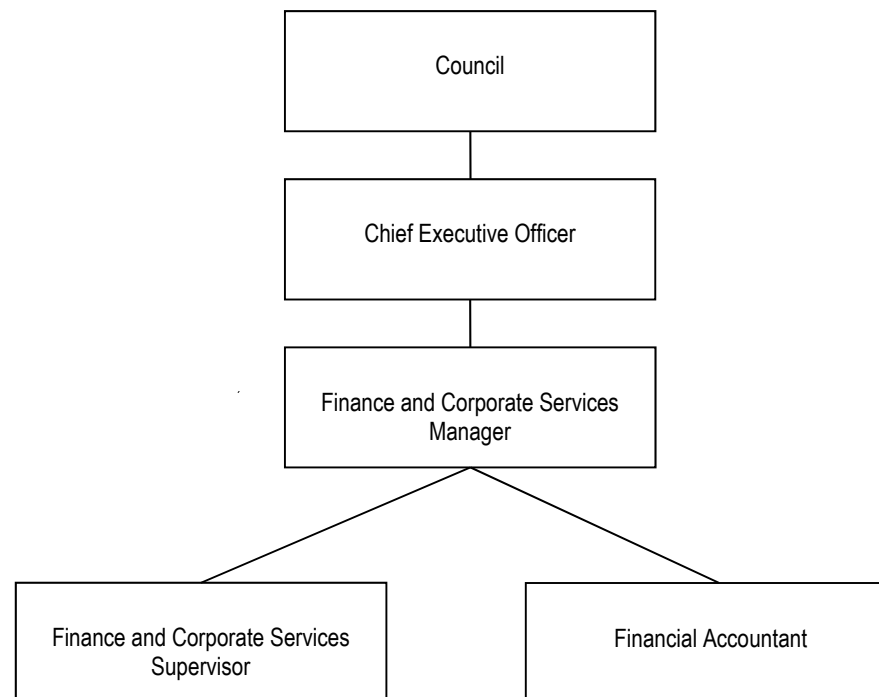
**Policy statements**

**Council will ensure effective controls over treasury management and segregation of duties controls are in place.**

**Council may, by way of a resolution, depart from the Treasury policy where it considers that the departure would advance the broader well being of the district or other policy objectives.**

**Procedures**

The following diagram illustrates those individuals and bodies who have treasury responsibilities. Authority levels, reporting lines and treasury duties and responsibilities are outlined in the following section:



**3.2 Council**

The Council has ultimate responsibility for ensuring that there is an effective policy for the management of its risks. In this respect the Council decides the level and nature of risks that are acceptable, given the underlying objectives of Opotiki.

The Council is responsible for approving the Policy. While the Policy can be reviewed and changes recommended by other persons, the authority to make or change Policy cannot be delegated.

In this respect, the Council has responsibility for:

- Approving the long-term financial position of Opotiki through the 10 year Long Term Plan (LTP) and Financial Strategy along with the adopted Annual Plan.
- Approving new debt through the adoption of the Annual Plan, specific Council resolution and approval of this Policy.
- Approving the Policy incorporating the following delegated authorities:

## Council Policies

- Borrowing, investment and dealing limits and the respective authority levels delegated to the CEO, F&CSM and other management;
- Counterparties and credit limits;
- Risk management methodologies and benchmarks;
- Guidelines for the use of financial instruments;
- Receive a triennial review report on the Policy ;
- Evaluating and approving amendments to Policy.
- Approving budgets and high level performance reporting.
- Delegating authority to the CEO and other officers.

The Council should also ensure that:

- It receives regular information from management on risk exposure and financial instrument usage in a form that is understood, and that enables it to make informed judgements as to the level of risk undertaken.
- Issues raised by auditors (both internal and external) in respect of any significant weaknesses in the treasury function are resolved in a timely manner.
- Submissions are received from management requesting approval for one-off transactions falling outside Policy guidelines.

### 3.3 Chief Executive Officer (CEO)

While the Council has final responsibility for the Policy governing the management of Council's risks, it delegates overall responsibility for the day-to-day management of such risks to the Chief Executive Officer.

In respect of treasury management activities, the Chief Executive Officer's responsibilities include:

- Ensuring the policies comply with existing and new legislation.
- Approving the register of cheque and electronic banking signatories.
- Approving new counterparties and counterparty limits.
- Approving new external borrowing undertaken in line with Council resolution and approved borrowing strategy.
- Approving the opening and closing of bank accounts.
- Receiving advice of breaches of Policy and significant treasury events from the F&CSM.

### 3.4 Finance and Corporate Services Manager (F&CSM)

The F&CSM's responsibilities are as follows:

- Management responsibility for all external borrowing and investment activities.
- Recommending Policy changes to the Council for approval.
- Ongoing risk assessment of borrowing and investment activity including procedures and controls.
- Approving treasury transactions in accordance with delegated authority.
- Authorising the use of approved interest rate risk management instruments within discretionary authority.
- Recommending authorised signatories and delegated authorities in respect of all treasury dealing and banking activities.

- Proposing new funding requirements to the CEO for consideration and submission to the Council.
- Reviewing and making recommendations on all aspects of the Policy to the CEO, including dealing limits, approved instruments, counterparties, and general guidelines for the use of financial instruments.
- Conducting a review, at least triennially, of the Treasury Risk Management Policy, treasury procedures and counterparty limits.
- Managing the long-term financial position of Council as outlined in the LTP.
- Ensuring management procedures and policies are implemented in accordance with this Treasury Risk Management Policy.
- Ensuring all financial instruments are valued and accounted for correctly in accordance with current best practice standards.
- Monitoring and reviewing the performance of the treasury function in terms of achieving the objectives of minimising and stabilising funding costs.
- Authorising borrowing, investing, interest rate, cash management transactions with bank counterparties. Approving all amendments to Council records arising from checks to counterparty confirmations.
- Reviewing and approving borrowing and investment spreadsheet reconciliation to internal records.
- Review and approve bank reconciliations.

### 3.5 Finance and Corporate Services Supervisor

- Monitoring treasury exposure on a regular basis, including current and forecast cash position, investment portfolio, interest rate exposures and borrowings.
- Execute borrowing, investment, and interest rate management transactions in accordance with set limits. Investigate financing alternatives to minimise borrowing costs, margins and interest rates, making recommendations to the F&CSM as appropriate.
- Account for all treasury transactions in accordance with legislation and generally accepted accounting principles, Council's accounting and funding and financial policies.
- Check compliance against limits and prepare report on an exceptions basis. Co-ordinate the compilation of cash flow forecasts and cash management.

### 3.6 Financial Accountant

- Update treasury spreadsheets for all new, re-negotiated and maturing transactions.
- Monitor and update credit ratings of approved counterparties.
- Settlement of borrowing, investment, and interest rate management transactions.
- Check all treasury deal confirmations against deal documentation and report any irregularities immediately to the CEO.
- Complete general ledger reconciliations to treasury spreadsheets.
- Forecast future cash requirements (working capital).
- Cash management.
- Reconcile monthly summaries of outstanding financial contracts from bank counterparties to internal records.



- Handle all administrative aspects of bank counterparty agreements and documentation such as loan agreements and ISDA documents.
- Monitor all treasury exposures daily.
- Prepare treasury reports.

### 3.7 Delegation of authority and authority limits

Treasury transactions entered into without the proper authority are difficult to cancel given the legal doctrine of “apparent authority”. Also, insufficient authorities for a given bank account or facility may prevent the execution of certain transactions (or at least cause unnecessary delays).

To prevent these types of situations, the following procedures must be complied with:

- All delegated authorities and signatories must be reviewed at least annually to ensure that they are still appropriate and current.
- A comprehensive letter must be sent to all bank counterparties at least annually to confirm details of all relevant current delegated authorities empowered to bind Council.

Whenever a person with delegated authority on any account or facility leaves Council, all relevant banks and other counterparties must be advised in writing in a timely manner to ensure that no unauthorised instructions are to be accepted from such persons.

Council has the following responsibilities, either directly itself, or via the following stated delegated authorities:

Activity	Delegated Authority	Limit
Approving and changing Policy	Council	Unlimited
Approve external borrowing programme for year as set out in the AP/LTP	Council	Unlimited (subject to legislative and other regulatory limitations)
Acquisition and disposition of investments other than financial investments	Council	Unlimited
Approval for charging assets as security over borrowing	Council	Unlimited
Approving transactions outside Policy	Council	Unlimited
Overall day-to-day treasury management	CEO (delegated by Council) F&CSM (delegated by CEO) FA (delegated by F&CSM)	Subject to Policy

Activity	Delegated Authority	Limit
Re-financing existing debt	CEO (delegated by Council) F&CSM (delegated by CEO) FA (delegated by F&CSM)	Subject to Policy
Approve new external borrowing in accordance with Council resolution or through the adoption of the AP/LTP.	CEO	Per Council approved borrowing programme AP/LTP or special resolution
Negotiate bank facilities	FA	N/A
Manage borrowing and interest rate strategy	FA	N/A
Adjust interest rate risk profile	FA	Per risk control limits
Managing funding and investment maturities	FA	Per risk control limits
Maximum daily transaction amount (borrowing, investing, interest rate risk management and cash management) excludes roll-overs on existing debt and interest rate swaps.	Council CEO F&CSM FA	Unlimited \$10M \$5M
Manage cash/liquidity requirements	FA	Per risk control limits
Authorising list of signatories	CEO	Unlimited
Opening/closing bank accounts	CEO	Unlimited
Triennial review of Policy	F&CSM	N/A
Ensuring compliance with Policy	FA	N/A

All management delegated limits are authorised by the CEO.

## 4.0 LIABILITY MANAGEMENT POLICY

### 4.1 Introduction

Council’s liabilities comprise of borrowings and various other liabilities. Council maintains borrowings in order to:

- Raise specific debt associated with projects and capital expenditures.
- Raise finance leases for fixed asset purchases.
- Fund assets whose useful lives extend over several generations of ratepayers.

## Council Policies

### 4.2 Borrowing Limits

#### Policy statement

**Council will manage its debt in accordance to limits set.**

#### Procedures

Debt will be managed within the following limits:

Item	Borrowing Limit
Net Interest on external debt as a percentage of total revenue	$\leq 10\%$
Net Interest on external debt as a percentage of annual rates income (debt secured under debenture)	$\leq 15\%$
Net cash flows from operating activities divided by interest expense	$\geq 2$

- Total Revenue is defined as cash earnings from rates, government capital grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).
- Net interest on external debt is defined as the amount equal to all interest and financing costs (on external debt) less interest income for the relevant period.
- Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 (including volumetric water charges levied) together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).
- Annual Rates Income excludes regional levies.
- Net cash flows from operating activities is defined as operating income less operating expenditure less adjustments for accrual accounting and excluding non-cash items such as depreciation.
- Council borrows from creditworthy banks that have a long-term credit rating by S&P (or equivalent) of A+ or better.
- Disaster recovery requirements are to be met through the liquidity ratio.

### 4.3 Asset management plans

In approving new external debt Council considers the impact on its borrowing limits as well as the economic life of the asset that is being funded and its overall consistency with Council's LTP and Financial Strategy.

### 4.4 Borrowing mechanisms

#### Policy statement

**New external borrowings and refinancing existing external debt should be evaluated for cost effectiveness and compliance with policies.**

#### Procedures

Opotiki is able to externally borrow through a variety of market mechanisms including issuing stock/bonds, commercial paper (CP) and debentures, direct bank borrowing, the LGFA, accessing the short and long-term wholesale/retail debt capital markets directly or internal borrowing of reserve and special funds.

Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the F&CSM, takes into account the following:

- Available terms from banks, LGFA, debt capital markets and loan stock issuance.
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
- Prevailing interest rates and margins relative to term for loan stock issuance, debt capital markets, LGFA, and bank borrowing.
- The outlook on bank and debt capital market credit margins.
- Ensuring that the implied finance terms and conditions within the specific debt (e.g. project finance) are evaluated in terms such as cost/tax/risk limitation compared to the terms and conditions Opotiki could achieve in its own right.
- Legal documentation and financial covenants together with security considerations.
- For internally funded projects, to ensure that finance terms for those projects are at least as equitable with those terms from external borrowing.

Council's ability to readily attract cost effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors, LGFA, and financial institutions/brokers.

### 4.5 Security

#### Policy statement

**Council offers a Debenture Trust Deed on the security arrangement for its external borrowing and investment activities.**

**Council assets may be pledged as security where it is advantageous and cost effective to do so.**

#### Procedures

Council's external borrowings and interest-rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Rating Act. The security offered by Council ranks equally or pari passu with other lenders.

From time to time, and with Council approval, security may be offered by providing a charge over one or more of Councils assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance).
- Council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the Deed of Charge.

#### 4.6 Debt repayment

##### Policy statement

**Council should retain tax deductible debt ahead of non-tax deductible debt provided the benefits of doing so continue to exceed the risks.**

##### Procedures

The funds from all asset sales and operating surpluses will be applied to the reduction of debt and/or a reduction in borrowing requirements, unless the Council specifically directs that the funds will be put to another use.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Council will manage debt on a net portfolio basis and will only externally borrow when it is commercially prudent to do so.

#### 4.7 Guarantees/contingent liabilities and other financial arrangements

##### Policy statement

**Council may act as guarantor to financial institutions on loans or enter into incidental arrangements for organisations, clubs, Trusts, or Business Units, when the purposes of the loan are in line with Council's strategic objectives.**

##### Procedures

Council is not allowed to guarantee loans to Council Controlled Trading Organisations under Section 62 of the Local Government Act.

Financial arrangements include:

- Rural housing loans
- Tenant contribution flats
- Rural water supply loans
- Advances to community organisations

Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed. Guarantees given will not exceed NZ\$1 million in aggregate or if attached to a property.

Guarantees provided will be reported quarterly to Council.

#### 4.8 Internal borrowing of special and general reserve funds

##### Policy statement

**Council may authorise use of special funds to reduce the requirement for external debt where there is financial benefit to borrow internally.**

##### Procedures

Given that Council may require funding for capital expenditure cash shortfalls over the remaining life of the existing special and general reserve funds, where such funds are deemed necessary they should be used for internal borrowing purposes when external borrowing is required. Accordingly Council maintains its funds in short term maturities emphasising counterparty credit worthiness and liquidity. The interest rate yield achieved on the funds therefore is a secondary objective.

Liquid assets will not be required to be held against special funds or reserve funds unless such funds are held within a trust requiring such, instead, Council will manage these funds using internal borrowing facilities.

Any internal borrowing of special funds used must be reimbursed for interest revenue lost. Interest on internally-funded loans is charged annually in arrears, on year-end loan balances.

Except where a specific rate has been approved for particular circumstances, interest is charged annually in arrears on all internal loans at the weighted average cost of external borrowing (including credit margin and other related costs). The Council has the ability to reset interest rates monthly if required.

#### 4.9 Capital works funding and debt period

##### Policy statement

**Capital works will be funded through raising new debt or by utilising depreciation reserves when such reserves exist for the classes of assets.**

**The use of long-term loan funds will be restricted to capital items only.**

##### Procedures

Capital works will be funded through raising new debt or by utilising depreciation reserves where such exist for the classes of assets.

Term debt greater than one year will not be used to fund annual operational expenditure.

## Council Policies

### 4.10 New Zealand Local Government Funding Agency Limited

Despite anything earlier in the Liability Management Policy, the Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- (a) Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA in the form of Borrower Notes;
- (b) Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- (c) Commit to contribution additional equity (or subordinated debt) to the LGFA if required;
- (d) Subscribe for shares and uncalled capital in the LGFA; and
- (e) Secure its borrowing from the LGFA, and the performance of the other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

### 4.11 Departures from normal Policy

The Council may, in its discretion, depart from the Liability Management Policies where it considers that the departure would advance its broader social or other policy objectives. Any resolution authorising an external debt instrument under this provision shall note that it departs from the Council's ordinary policy and the reasons justifying that departure.

## 5.0 INVESTMENT POLICY AND LIMITS

### Policy statements

**The Council may hold financial, property, forestry, and equity investments if there are strategic, economic or other valid reasons.**

**The Council will not be involved in investments for purely income earning purposes, except for short-term investment of surplus funds. The Council will keep under review its approach to all major investments and the credit rating of approved financial institutions.**

**The Council will review its policies on holding investments at least once every three years.**

### 5.1 Introduction

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Generating a commercial return on strategic investments is considered a secondary objective. Investments and associated risks are monitored and managed, and regularly reported to Council. Specific purposes for maintaining investments include:

- For strategic purposes consistent with Council's Long Term Plan;
- To reduce the current ratepayer burden;
- The retention of vested land;

- Holding short term investments for working capital requirements;
- Holding investments that are necessary to carry out Council operations consistent with Annual Plans, to implement strategic initiatives, or to support inter-generational allocations;
- Provide ready cash in the event of a natural disaster. The use of which is intended to bridge the gap between the disaster and the reinstatement of normal income streams and assets;
- Invest amounts allocated to accumulated surplus, Council created restricted reserves and general reserves;
- Invest proceeds from the sale of assets.

Council recognises that as a responsible public authority all investments held, should be low risk. Council also recognises that low risk investments generally mean lower returns.

Council should internally borrow from special reserve funds in the first instance to meet future capital expenditure requirements, unless there is a compelling reason for establishing external debt.

### 5.2 Objectives

In its financial investment activity, Council's primary objective when investing is the protection of its investment capital and that a prudent approach to risk/ return is always applied within the confines of this Policy. Accordingly, only approved credit worthy counterparties are acceptable. The Council will act effectively and appropriately to:

- Protect the Council's investments and ensure they are risk averse and secure.
- Ensure the investments benefit the Council's ratepayers.
- Maintain a prudent level of liquidity and flexibility to meet both planned and unforeseen cash requirements.

### 5.3 Acquisition of new investments

With the exception of financial investments, new investments are acquired if an opportunity arises and approval is given by the appropriate Council committee, based on advice and recommendations from Council officers. Before approving any new investments, Council gives due consideration to the contribution the investment will make in fulfilling Council's strategic objectives, and the financial risks of owning the investment.

The authority to acquire financial investments is delegated to the F&CSM.

### 5.4 Investment mix

Council maintains the following mix of investments:-

#### 5.4.1 Equity investments

Equity investments, including investments held in CCO/CCTO and other shareholdings.

Council maintains equity investments and other minor shareholdings. Council's equity investments fulfil various strategic, economic development and financial objectives as outlined in the LTP.

Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment and their stated philosophy on investments.

Dividends received from CCO's/CCTO's and unlisted companies not controlled by Council are recognised when they are received in the consolidated revenue account.

Any purchase or disposition of equity investments requires Council approval and any profit or loss arising from the sale of these investments is to be recognised in the Statement of Financial Performance. Any purchase or disposition of equity investments will be reported to the next meeting of Council. Council may also acquire shares that are gifted or are a result of restructuring.

Unless otherwise directed by Council, the proceeds from the disposition of equity investments will be used firstly to repay any debt relating to the investment and then included in the relevant consolidated capital account.

Council recognises that there are risks associated with holding equity investments and to minimise these risks Council, through the relevant Council-committee, monitors the performance of its equity investments on a twice yearly basis to ensure that the stated objectives are being achieved. Council seeks professional advice regarding its equity investments when it considers this appropriate

#### **5.4.1.1 New Zealand Local Government Funding Agency Limited**

Despite anything earlier in this Investment Policy, the Council may invest in shares and other financial instruments of the LGFA, and may borrow to fund that investment.

The Council's objective in making any such investment will be to:

- (a) Obtain a return on the investment; and
- (b) Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for Council.

Because of this dual objective, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

#### **5.4.2 Property investments**

Property investments incorporating land, buildings, a portfolio of ground leases and land held for development.

Council's overall objective is to only own property that is necessary to achieve its strategic objectives. As a general rule, Council will not maintain a property investment where it is not essential to the delivery of relevant services, and property is only retained where it relates to a primary output

of Council. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. This assessment is based on the most financially viable method of achieving the delivery of Council services. Council generally follows similar assessment criteria in relation to new property investments.

Council reviews the performance of its property investments on a regular basis. All income, including rentals and ground rent from property investments is included in the consolidated revenue account. All rented or leased properties will be at market rentals, except where Council has identified a level of subsidy that is appropriate.

Properties for sale are to be marketed in accordance with statutory requirement and in a manner that does not disrupt the market place, and in consultation with Community Boards and Committees where appropriate.

Any purchased properties must be supported by a current registered valuation, substantiated by management including a fully worked capital expenditure analysis. Council will not purchase properties on a speculative basis.

#### **5.4.3 Forestry investments**

Forestry assets are held as long term investments on the basis of net positive discounted cashflows, factoring in projected market prices and annual maintenance and cutting costs.

All income from forestry is included in the consolidated revenue account.

Any disposition of these investments requires Council approval. The proceeds from forestry disposition are used firstly to repay related borrowings and then included in the relevant consolidated capital account.

#### **5.4.4 Financial investments**

##### **Objectives**

Council's primary objective when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties. Creditworthy counterparties and investment restrictions are covered in section 6.3. Credit ratings are monitored and reported quarterly to Council.

Council may invest in approved financial instruments as set out in section 6.1.2. These investments are aligned with Council's objective of investing in high credit quality and highly liquid assets.

Council's investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due. Council prudently manages liquid financial investments as follows:

- Any cash investments must be restricted to a term of no more than 91 days ensuring that meets future cash flow and capital expenditure projections are met.
- Interest income from financial investments is credited to general funds, except for income from investments for special funds, reserve funds and other funds where interest may be credited to the particular fund.



## Council Policies

- Internal borrowing will be used wherever possible to avoid external borrowing.

### Special funds and reserve funds

Council holds special and reserve funds for specific Council objectives; as such these funds, except for depreciation reserves, are encumbered and cannot be included within Council's liquidity ratio. Liquid cash investments are required to be held against special funds and reserve funds.

Special and reserve fund, except for depreciation reserves, must be held as cash investments and restricted to a term of no more than 183 days ensuring availability.

### Trust funds

Where Council hold funds as a trustee, or manages funds for a Trust then such funds must be invested on the terms provided within the trust. If the Trusts investment policy is not specified then this policy should apply.

#### 5.4.5 Loan Advances

Council may provide advances to CCOs, CCTOs, charitable trusts and community organisations for strategic purposes only. New loan advances are by Council resolution only. Council does not lend money, or provide any other financial accommodation, to a CCO or CCTO on terms and conditions that are more favourable to the CCO or CCTO than those that would apply if Council were borrowing the money or obtaining the financial accommodation.

Council will assess risk, and reviews performance of its loan advances on a regular basis to ensure strategic and economic objectives are being achieved.

Loan advances exceeding \$500,000 are reported quarterly to Council. All loan advances are reported in the annual report.

#### 5.5 Utilisation of investment sales and insurance monies

Funds released from investment sales (after sale costs) or non-reinstatement of damaged properties must be applied in the following order of priority:

- Repayment of any associated debt.
- Repayment of debt, which incurs interest at a rate well above the rate able to be earned on the proceeds where costs are justified.
- Placement of funds in reserves to the extent that the reserve is underfunded and/or is required for intended future events.
- Purchase of assets / capital works rather than borrowing for those assets at an interest rate well above the rate able to be earned on the proceeds.
- Council may change the order of priority as required.

#### 5.6 Departures from normal Policy

The Council may, in its discretion, depart from the Investment Policies where it considers that the departure would advance its broader social or other policy objectives. Any resolution authorising an

investment under this provision shall note that it departs from the Council's ordinary policy and the reasons justifying that departure.

#### 5.7 Investment management and reporting procedures

Council's investments are managed on a regular basis, with sufficient minimum immediate cash reserves and a cash or liquidity buffer maintained. The daily cash position is monitored and managed through the Daily Cash Position Report, and long-term cashflow through the annual Cashflow Forecast. To maintain liquidity, Council's short and long-term investment maturities are matched with Council's known cashflow requirements.

The performance of Council investments is regularly reviewed to ensure Council's strategic objectives are being met. Both performance and policy compliance are reviewed. Internal investment reports are a vital management tool and, depending on their nature, are produced on a daily, weekly, monthly, quarterly or annual basis. The results are summarised and reported to Council on a quarterly and annual basis.

### 6.0 RISK RECOGNITION/IDENTIFICATION/MANAGEMENT

#### Policy statements

**Total amount of debt should be spread across the range of financial institution and maturity dates.**

**Variable debt compared to fixed rate debt should be managed to appropriate percentage levels given the overall level of borrowing.**

**Hedging instruments can be used in the management of wholesale market interest rate exposure, but should not increase Council's overall risk.**

**Council's portfolio shall be arranged to provide, at all times, sufficient funds for planned expenditure and to allow for payment of its obligations as they fall due.**

**The risk of default in respect to any individual investment will be minimised by the selection of creditworthy investments spread across different entities.**

**Council may invest in equity instruments where they meet Council's strategic goals.**

#### Procedure

The definition and recognition of liquidity, funding, investment, interest rate, counterparty credit, operational and legal risk of Council is detailed below and applies to both the Liability Management Policy and Investment Policy.

#### 6.1 Interest rate risk

**6.1.1 Risk recognition**

Interest rate risk on borrowing, is the risk that funding costs (due to adverse movements in market wholesale interest rates) will materially exceed projections included in the LTP and Annual Plan so as to adversely impact cost control and capital investment decisions/returns/feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing/hedging of funding costs. Certainty around funding costs is to be achieved through the active management of underlying interest rate exposures.

**6.1.2 Approved financial instruments**

Approved financial instruments are as follows:

Category	Instrument
Cash management and borrowing	Bank overdraft Committed cash advance and bank accepted bill facilities (short term and long term loan facilities) Uncommitted money market facilities Retail and Wholesale Bond and Floating Rate Note (FRN) issuance Commercial paper (CP)/Promissory notes
Investments	Call and short term bank deposits Bank certificates of deposit (RCDs) Treasury bills LGFA borrower notes / CP / bills
Interest rate risk management	Forward rate agreements (“FRAs”) on: <ul style="list-style-type: none"> <li>Bank bills</li> <li>Interest rate swaps including:                             <ul style="list-style-type: none"> <li>Forward start swaps (start date &lt;24 months, unless linked to existing maturing swaps)</li> <li>Amortising swaps (whereby notional principal amount reduces)</li> <li>Swap extensions and shortenings</li> </ul> </li> </ul> Interest rate options on: <ul style="list-style-type: none"> <li>Bank bills (purchased caps and one for one collars)</li> <li>Interest rate swaptions (purchased swaptions and one for one collars only)</li> </ul>
Foreign exchange management	<ul style="list-style-type: none"> <li>Spot foreign exchange</li> <li>Forward exchange contracts</li> </ul>

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

All unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded;

- Structured debt where issuing entities are not a primary borrower/ issuer
- Subordinated debt, junior debt, perpetual notes and debt/equity hybrid notes such as convertibles.

**6.1.3 Interest rate risk control limits**

Exposure to interest rate risk is managed and mitigated through the risk control limits below. Council’s external core debt should be within the following fixed/floating interest rate risk control limits.

Master Fixed / Floating Risk Control Limits	
Minimum Fixed Rate	Maximum Fixed Rate
50%*	90%*

\* These policy limits have been set taking into consideration the future borrowing of the Council to fund the significant infrastructure works planned in the LTP. Interest rate risk strategies and instruments are commonly only financially viable with higher levels of debt. Therefore we expect to apply these policy limits when our external debt levels are higher than \$10 million.

“Fixed Rate” is defined as an interest rate repricing date beyond 12 months forward on a continuous rolling basis.

“Floating Rate” is defined as an interest rate repricing within 12 months.

The percentages are calculated on the rolling 12 month projected external core debt level calculated by management (signed off by the CEO). External core debt is the amount of total external debt expected to mature beyond 12 months. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to ensure compliance with the Policy minimums and maximums. The fixed rate amount at any point in time should be within the following maturity bands:

Fixed Rate Maturity Profile Limit		
Period	Minimum hedge %	Maximum hedge %
1 to 3 years	15%**	60%**
3 to 5 years	15%**	60%**
5 years plus	10%**	60%**

\*\* As with above these policy limits will only be applied once Council’s external debt is \$10 million or higher.

- Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
- A fixed rate maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile beyond 90-days requires specific approval by Council.
- Any interest rate swaps with a maturity beyond 10 years must be approved by Council.

## Council Policies

- Interest rate options must not be sold outright. However, one for one collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate “in-the-money”.
- Purchased borrower swaptions mature within 12 months.
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate hedge percentage calculation.
- The forward start period on swap/collar strategies to be no more than 24 months, unless the forward start swap/collar starts on the expiry date of an existing swap/collar and has a notional amount which is no more than that of the existing swap/collar.

### 6.1.4 Financial investment risk

Council manages short-term cash investment risk ensuring availability and access to financial investments held. In order to manage short-term cash risk financial investments are required to have a term to maturity of less than 91 days (not including special/reserve funds).

## 6.2 Liquidity risk/funding risk

### 6.2.1 Risk recognition

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of cash, short-term financial investments, loans and bank facilities. Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at acceptable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

The management of Council’s funding risks is important as several risk factors can arise to cause an adverse movement in borrowing margins, term availability and general flexibility including:

- Local Government risk is priced to a higher fee and margin level.
- Council’s own credit standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons.
- A large individual lender to Council experiences its own financial/exposure difficulties resulting in Council not being able to manage their debt portfolio as optimally as desired.
- New Zealand investment community experiences a substantial “over supply” of Council investment assets.
- Financial market shocks from domestic or global events.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time so that if any of the above events occur, the overall borrowing cost is not unnecessarily increased and desired maturity profile compromised due to market conditions.

### 6.2.2 Liquidity/funding risk control limits

- Cash equivalents is defined by managing financial investment maturity terms within strict Policy limits and ensuring that all negotiable investments are capable of being liquidated in a readily available secondary market.
- The F&CSM has the discretionary authority to re-finance existing debt on terms that are more favourable. Such action is to be reported to the CEO and the Council at the earliest opportunity.
- Council has the ability to pre-fund up to 12 months forecast debt requirements including re-financings.
- The maturity profile of the total committed funding in respect to all external debt / loans and committed debt facilities, is to be controlled by the following system.

Period	Minimum	Maximum
0 to 3 years	15%	60%
3 to 5 years	15%	60%
5 years plus	10%	40%

A maturity schedule outside these limits will require specific Council approval.

### 6.3 Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by the Council. Treasury related transactions would only be entered into with organisations specifically approved by the Council.

Counterparties and limits can only be approved on the basis of long-term Standard & Poor’s, (S&P) credit ratings ( or equivalent Fitch or Moody’s rating) being A+ and above and/or short term rating of A-1 or above.

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

The following matrix guide will determine limits for financial instruments:

Counterparty/Issuer	Minimum S&P long term / short term credit rating	Investments maximum per counterparty (\$m)	Interest rate risk management instrument maximum per counterparty (\$m)	Total maximum per counterparty (\$m)
NZ Government	N/A	Unlimited	none	Unlimited
Local Government Funding Agency (LGFA)	AA-/A-1	10.0	none	10.0
NZ Registered Bank	A+ / A-1	10.0	10.0	20.0

In determining the usage of the above gross limits, the following product weightings will be used:

- Investments (e.g. Bank Deposits) – Transaction Principal × Weighting 100% (unless a legal right of set-off exists).
- Interest Rate Risk Management (e.g. swaps, FRAs) – Transaction Notional × Maturity (years) × 3%.
- Foreign Exchange – Transactional face value amount x the square root of the Maturity (years) x 15%.

Each transaction should be entered into a treasury spreadsheet and a quarterly report prepared to show assessed counterparty actual exposure versus limits.

Individual counterparty limits are kept in a spreadsheet by management and updated on a day to day basis. Credit ratings should be reviewed by the Finance and Corporate Services Supervisor on an ongoing basis and in the event of material credit downgrades should be immediately reported to the F&CSM and assessed against exposure limits. Counterparties exceeding limits should be reported to the Council.

### Risk management

To avoid undue concentration of exposures, financial instruments should be used with as wide a range of approved counterparties as possible. Maturities should be well spread. The approval process must take into account the liquidity of the market and prevailing market conditions the instrument is traded in and repriced from.

### 6.4 Foreign currency

Council has minor foreign exchange exposure through the occasional purchase of foreign exchange denominated services, plant and equipment.

Generally, all individual amounts of NZD100,000 or greater for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved and the currency amount, and timing are known. Both spot and forward foreign exchange contracts can be used by Opotiki.

Council shall not borrow or enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency. Council does not hold investments denominated in foreign currency.

### 6.5 Operational risk

Operational risk is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls.

Operational risk is very relevant when dealing with financial instruments given that:

- Financial instruments may not be fully understood.
- Too much reliance is often placed on the specialised skills of one or two people.
- Most treasury instruments are executed over the phone.
- Operational risk is minimised through the adoption of all requirements of this Policy.

### Dealing authorities and limits

Transactions will only be executed by those persons and within limits approved by the Council.

### Segregation of duties

As there are a small number of people involved in the treasury activities, adequate segregation of duties among the core functions of deal execution, confirmation, settling and accounting/reporting is not always strictly achievable. The risk will be minimised by the following process:

- The F&CSM reports directly to the CEO.
- The Finance and Corporate Services Supervisor (FM) will report directly to the F&CSM to control the transactional activities of the Financial Accountant (FA).
- There is a documented approval and reporting process for borrowing, interest rate and liquidity management activity.

### Procedures

All treasury financial instruments should be recorded and diarised within a treasury spreadsheet, with appropriate controls and checks over journal entries into the general ledger. Deal capture and reporting must be done immediately following execution/confirmation. Details of procedures including templates of deal tickets should be compiled in a Treasury Procedures Manual separate to this Policy.

Procedures should include:

- Regular management reporting.
- Regular risk assessment, including review of procedures and controls as directed by the Council or appropriate sub-committee of Council.
- Organisational, systems, procedural and reconciliation controls to ensure:
- All borrowing, investing, interest rate and cash management activity is bona fide and properly authorised.
- Checks are in place to ensure Council accounts and records are updated promptly, accurately and completely.
- All outstanding transactions are revalued regularly and independently of the execution function to ensure accurate reporting and accounting of outstanding exposures and hedging activity.

## Council Policies

### Organisational controls

- The F&CSM has responsibility for establishing appropriate structures, procedures and controls to support borrowing, investment, interest rate and cash management activity.
- All borrowing, investing, cash management and interest rate risk management activity is undertaken in accordance with approved delegations authorised by the Council.

### Cheque/electronic banking signatories

- Positions approved by the CEO as per register.
- Dual signatures are required for all cheques and electronic transfers.
- Cheques must be in the name of the counterparty crossed "Not Negotiable, Account Payee Only", via the Council bank account.

### Authorised personnel

- All counterparties are provided with a list of personnel approved to undertake transactions, standard settlement instructions and details of personnel able to receive confirmations.

### Recording of deals

- All deals are recorded on properly formatted deal tickets by the FM and approved by the F&CSM. Deal summary records for borrowing, investments, interest rate risk management and cash management transactions (on spreadsheets) are maintained and updated promptly following completion of transaction.

### Confirmations

- All inward deal confirmations including registry confirmations are received and checked by the Financial Accountant (FA) against completed deal tickets and the treasury spreadsheet records to ensure accuracy.
- All deliverable securities are held in the Council's safe.
- Deals, once confirmed, are filed (deal ticket and attached confirmation) by the FA in deal date/number order.
- Any discrepancies arising during deal confirmation checks, which require amendment to the Council records, are signed off by the F&CSM.

### Settlement

- The majority of borrowing, investing, interest rate and cash management transactions are settled by direct debit authority.
- For electronic payments, batches are set up electronically. These batches are checked by the FA to ensure settlement details are correct. Payment details are authorised by two approved signatories as per Council registers.

### Reconciliations

- Bank reconciliations are performed monthly by the FA and checked and approved by the F&CSM. Any unresolved un-reconciled items arising during bank statement reconciliation which require amendment to the Council's records are signed off by the F&CSM.
- A monthly reconciliation of the treasury spreadsheet to the general ledger is carried out by the FA and approved by the F&CSM.

## 6.6 Legal risk

Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions

contained in legislation. While legal risks are more relevant for banks, Opotiki may be exposed to such risks.

Opotiki will seek to minimise this risk by adopting policy regarding:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties.
- The matching of third party confirmations and the immediate follow-up of anomalies.
- The use of expert advice.

### 6.6.1 Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council.

Council's internal/appointed legal counsel must sign off on all documentation.

### 6.6.2 Financial covenants and other obligations

Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.

Council must comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.

## 7.0 MEASURING TREASURY PERFORMANCE

In order to determine the success of Council's treasury management function, the following benchmarks and performance measures have been prescribed.

Those performance measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are to be reported to Council or an appropriate sub-committee of Council on a quarterly basis.

Management	Performance
Operational performance	<ul style="list-style-type: none"><li>• All policy limits must be complied with, including (but not limited to) counterparty credit limits, control limits and exposure limits.</li><li>• All treasury deadlines are to be met, including reporting deadlines.</li></ul>



Management	Performance
Management of debt and interest rate risk (borrowing costs)	<ul style="list-style-type: none"> <li>The actual borrowing cost (taking into consideration any costs/benefits of entering into interest rate management transactions) should be below the budgeted YTD/annual borrowing cost amount.</li> <li>Actual wholesale interest costs must be benchmarked to market interest rates. The applicable market interest rate is determined by finding the mid-point policy benchmark rate. Opotiki's policy mid-point represents an average maturity term of 5-years. The market benchmark rate will be calculated every month and represent the 5-year swap rate monthly rolling average over a 5-year period.</li> <li>A margin representative of the actual weighted average term of Councils funding portfolio (for the reporting month) is used. The market benchmark margin (representing where a an equivalent non-credit rated Council funds at the equivalent funding maturity term) is added to the benchmark interest rate to provide a correct comparison to actual all-up borrowing costs.</li> <li>As an example, an unrated Council with an average term of funding of 5-years, then the 5 year rolling average market benchmark rate for unrated Councils using the 5-year margin is applied for the month. If at the next month, Council's average term increases to 7-years, then the 7 year rolling average market benchmark rate for unrated Councils using the 7-year margin is applied for that month.</li> <li>The appropriate market benchmark is the established local government credit curve (via. LGFA/relevant debt capital market placement).</li> </ul>

### 8.0 CASH MANAGEMENT

The Financial Accountant (FA) has the responsibility to carry out the day-to-day cash and short-term debt management activities. All cash inflows and outflows pass through bank accounts controlled by the finance function.

- The FA will calculate and maintain cash flow projections on a regular basis. These cash flow forecasts determine Council's borrowing requirements and surpluses for investment.
- On a daily basis, electronically download all Council bank account information.
- Co-ordinate Council's operating units to determine daily and forecast cash inflows and outflows with the objective of managing the cash position within approved parameters.
- Undertake short term borrowing functions as required, minimising overdraft costs.
- Ensure efficient cash management through improvement to forecasting.
- Minimise fees and bank/Government charges by optimising bank account/facility structures.

- Monitor Council's usage of overdraft and committed bank facilities. Overdraft facilities are utilised as little as practical. Committed bank overdraft facilities of \$500,000 are maintained. This facility is loaded to trigger at \$200,000 for review by the F&CSM.
- Match future cash flows to smooth overall timeline.
- Provide reports detailing actual cash flows during the month compared with those budgeted.
- Maximise the return from available funds by ensuring significant payments are made within the vendor's payment terms, but no earlier than required, unless there is a financial benefit from doing so.
- Interest rate management on cash management balances is not permitted.
- Cash is invested for a term of no more 91 days and in approved instruments and counterparties.

### 9.0 REPORTING

When budgeting forecast interest costs/returns, the actual physical position of existing loans, investments and interest rate instruments must be taken into account.

#### 9.1 Treasury reporting

##### 9.1.1 Reporting

The following reports are produced:

Report Name	Frequency	Prepared By	Recipient
Cash Position Treasury Spreadsheet	Weekly	FA	F&CSM
Treasury Exceptions Report	Weekly	FA	F&CSM
Treasury Report <ul style="list-style-type: none"> <li>Policy limit compliance</li> <li>Borrowing limits</li> <li>Funding and Interest Position</li> <li>Funding facility</li> <li>New treasury transactions</li> <li>Cost of funds vs budget</li> <li>Cash flow forecast report</li> <li>Liquidity risk position</li> <li>Counterparty credit</li> <li>Treasury performance</li> <li>Debt maturity profile</li> <li>Treasury investments</li> <li>Loan advances/guarantees</li> </ul>	Quarterly	FA	F&CSM/CEO/ Council

Report Name	Frequency	Prepared By	Recipient
Trustee Report	As required by the Trustee	FA	Trustee company
Statement of Public Debt	Quarterly	FA	F&CSM/CEO/ Council
Revaluation of financial instruments	Quarterly	FA	F&CSM/CEO/Council

**9.2 Accounting treatment of financial instruments**

Council uses financial arrangements (“derivatives”) for the primary purpose of reducing its financial risk to fluctuations in interest rates. The purpose of this section is to articulate Council’s accounting treatment of derivatives in a broad sense. Further detail of accounting treatment is contained within the appropriate operations and procedures manual.

Under New Zealand Public Benefit Entity (PBE) International Public Sector Accounting Standards (IPSAS) changes in the fair value of derivatives go through the Income Statement unless derivatives are designated in an effective hedge relationship.

Council’s principal objective is to actively manage the Council’s interest rate risks within approved limits and chooses not to hedge account. Council accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council’s annual accounts. The F&CSM is responsible for advising the CEO of any changes to relevant New Zealand Public Sector PBE Standards which may result in a change to the accounting treatment of any financial derivative product.

All treasury financial instruments must be revalued (marked-to-market) at least every six months for risk management purposes.

**10 POLICY REVIEW**

The Policy is to be formally reviewed on a triennial basis, and annually for internal purposes. The F&CSM has the responsibility to prepare the annual review report that is presented to the Council. The report will include:

- Recommendation as to changes, deletions and additions to the Policy.
- Overview of the treasury function in achieving the stated treasury objectives and performance benchmarks.
- Summary of breaches of Policy and one-off approvals outside Policy.

The Council receives the report, approves Policy changes and/or rejects recommendations for Policy changes.

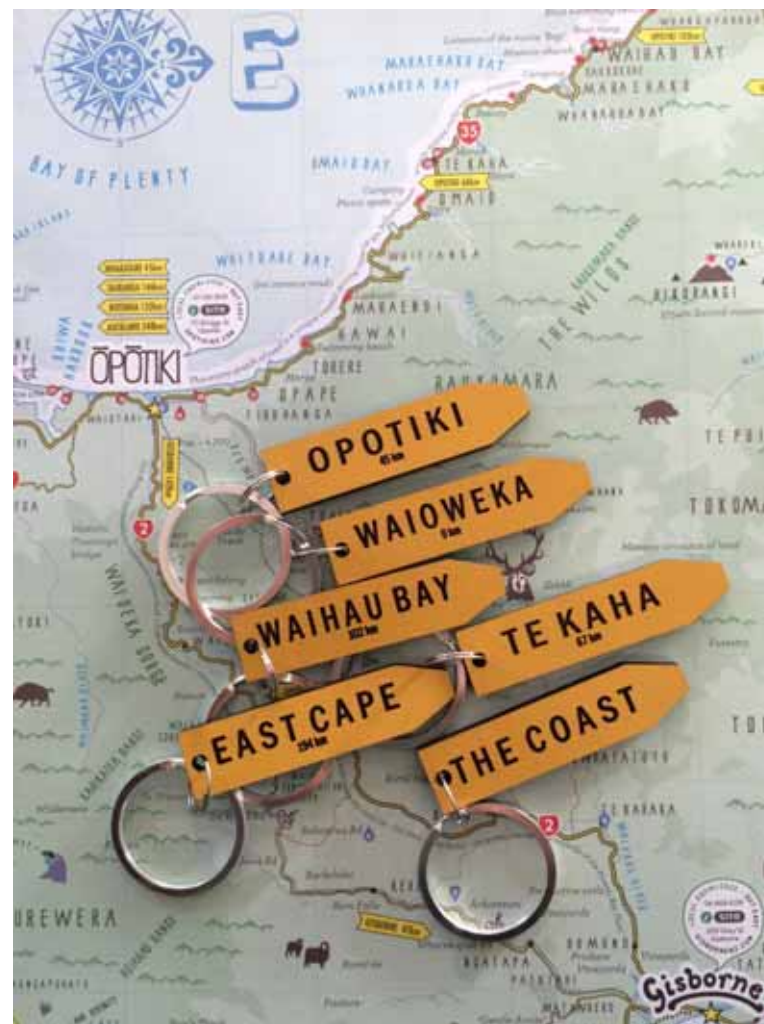


Image: A selection key rings available from the Ōpōtiki i-SITE

# Council Controlled Organisations (CCOs)

## Introduction

This section presents information required under the Local Government Act 2002 relating to any council-controlled organisation (CCO) in which Council is a shareholder. A CCO is a company or organisation in which a Council or Councils hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers. CCOs are essentially any company with a majority Council shareholding, or a trust or similar organisation with a majority of Council-controlled votes or Council-appointed trustees.

In order to achieve its objectives, Ōpōtiki District Council is a shareholder in two CCOs – Bay of Plenty Local Authority Shared Services Limited (BOP LASS Ltd), which is jointly owned by all nine councils in the Bay of Plenty and Gisborne Regions, and Toi Economic Development Agency (Toi EDA), which with the Whakatane and Kawerau councils has joint control.

Council's total investment in Council Controlled Organisations and other entities is:

BOPLASS Shares	\$1,000
Horizon Energy shares	<u>\$2,000</u>
	<u>\$3,000</u>

## BOPLASS Ltd



BOPLASS Ltd was set up during 2007/08 to foster shared services between the participating councils. It provides an umbrella vehicle to investigate, procure, develop and deliver shared services where a business case shows they can provide benefits.

Subsidiaries: Nil

Significant policies and objectives in regard to Ownership and Control

Each of the following nine councils in the region holding a 11.11% share:

- Bay of Plenty Regional Council
- Kawerau District Council
- Ōpōtiki District Council
- Rotorua District Council
- Taupo District Council
- Tauranga City Council
- Western Bay of Plenty District Council
- Whakatane District Council
- Gisborne District Council.

BoP LASS Ltd conducts itself in accordance with its Constitution, its annual Statement of Intent agreed with shareholders and the provisions of the Companies Act 1993 and Local Government Act 2002. Unless otherwise agreed by the Board, each appointee is the current or acting Chief Executive of the council shareholders. In addition, the Board may appoint up to three professional directors to supplement the Directors/Chief Executives' expertise.

### Nature and Scope of Activities

The principle nature and scope of the activity of BoPLASS Ltd is to:

- Use Joint Procurement to add value to goods and services sourced for its constituent Councils
- Facilitate shared services that benefit Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value
- Pursue best practice in the management of all activities to obtain best value and minimise risk
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, Council contributions, or Government funding where available
- Allow other Councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly
- Represent the collective views of its shareholders in matters with which it is associated.

Other shared services may be provided after the Board has considered each individual business case and formally agreed to take on and deliver (or host/procure etc) the shared service.

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BoPLASS Ltd will also proactively explore opportunities to partner with other local authorities and shared services organisations within New Zealand where they are either developing or considering developing cost effective shared services and products that are of value to the Bay of Plenty councils.

### Key Performance Targets and Other Measures of Performance

BOPLASS Ltd has achieved the initial performance targets. The following are the performance targets for the next three years:

Performance Targets:
Investigate a minimum of 4 new Joint Procurement initiatives for goods and service for BOPLASS councils.
Communicate with each shareholding Council at appropriate levels with a least one meeting with each Executive Leadership Team.

## TOI-EDA



Toi-EDA is the Eastern Bay of Plenty Regional Economic Development Agency set up by the three territorial authorities (Kawerau, Ōpōtiki and Whakatane) working together with local iwi.

Toi-EDA has a strong focus on its vision of enhancing the Eastern Bay of Plenty's economic growth and resultant wealth and jobs for its people. The Agency plays an important role in the Bay of Plenty regional partnership, Bay of Connections, both in terms of representing Eastern Bay of Plenty economic development interests, and in implementing relevant actions from the Regional Strategies.

Toi-EDA is a Charitable Trust, with six Trustees appointed from commercial, community and iwi backgrounds. The CEO's of the three Eastern Bay Councils also participate actively in Trust meetings.

Toi EDA is not considered by Council to be a Council Controlled Organisation as per the Local Government Act 2002.

### Subsidiaries: Nil

### Significant Policies and Objectives In Regard To Ownership And Control:

Policies relating to the ownership and control of the Trust include the Trust Deed setting out the purpose of the Trust and matters relating to the appointment of Trustees and the business of the Trust. The Trust Deed states the settlers have no powers to give directions to or exercise control over the Trustees or any part of the Trust's activities.

### Nature and Scope of Activities

The principal nature and scope of the activity for the Toi-EDA is stated in the Trust Deed, which is to:

- Cultivate economic initiatives and foster growth for the benefit of Maori and the Eastern Bay of Plenty Community.
- Promote the economic, environmental, cultural and social wellbeing of Maori and the Eastern Bay of Plenty Community.
- Foster, develop and assist in the management of best practices and effective use of resources of the Eastern Bay of Plenty.
- Promote and nurture community-based, sustainable economic growth through projects to benefit the Maori and the Eastern Bay of Plenty Community.

The means by which these objectives will be pursued will be those agreed to by the Trustees consistent with the Trust Deed.

### Key Performance Targets and Other Measures of Performance

- Develop and implement a Strategy and Annual Work Plan that supports and develops key sectors in the Eastern Bay economy to grow employment and wealth Business growth (turnover, increased employees, new business)
- Represent the Eastern Bay in all relevant wider economic development activities, planning strategies and initiatives.