



NOTICE OF AN EXTRA ORDINARY COUNCIL MEETING

**Ōpōtiki District Council Chambers, 108 St John Street, Ōpōtiki
Saturday, 30 June 2018
Commencing at 9.00am**

ORDER PAPER

APOLOGIES

DECLARATION OF ANY INTERESTS IN RELATION TO OPEN MEETING AGENDA ITEMS

PUBLIC FORUM

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Chair: His Worship the Mayor – John Forbes

Members: Cr Lyn Riesterer (Deputy Mayor)

Cr Shona Browne

Cr Barry Howe

Cr Haki McRoberts

Cr Arihia Tuoro

Cr Ken Young

Committee Secretary: Gae Newell

Quorum: 4

LOCAL AUTHORITIES (MEMBERS' INTERESTS) ACT 1968

Councillors are reminded that if you have a pecuniary or non-pecuniary interest in any item on the agenda, then you must declare this interest and refrain from discussing or voting on this item, and are advised to withdraw from the Council chamber.

Aileen Lawrie

CHIEF EXECUTIVE OFFICER



**MINUTES OF AN ORDINARY COUNCIL MEETING DATED TUESDAY, 12 JUNE 2018 IN THE
OPOTIKI DISTRICT COUNCIL CHAMBERS, 108 ST JOHN STREET, OPOTIKI AT 9.00AM**

PRESENT:

Mayor John Forbes (Chairperson)
Deputy Mayor Lyn Riesterer (Deputy Chairperson)
Councillors:
Shona Browne
Barry Howe
Arihia Tuoro
Ken Young

IN ATTENDANCE:

Aileen Lawrie (Chief Executive Officer)
Bevan Gray (Finance and Corporate Services Group Manager)
Gerard McCormack (Planning and Regulatory Group Manager)
Ari Erickson (Engineering Services Group Manager)
Muriel Chamberlain (Corporate Services Manager)
Devon St George (Compliance Officer)
Gae Newell (Personal Assistant to CEO and Mayor)

PUBLIC: Several members of the public

His Worship the Mayor adjourned the meeting until 9.30am at which time the meeting reconvened.

APOLOGY

Councillor McRoberts

RESOLVED

(1) That the apology be sustained.

Browne/Young

Carried

DECLARATION OF ANY INTERESTS IN RELATION TO OPEN MEETING AGENDA ITEMS

Deputy Mayor Riesterer declared an interest in Submission No. 85 (Ōhiwa Harbour Implementation Forum) as she is the Deputy Chair of that Forum.

Councillors Young, Tuoro and Howe declared an interest in any items around the Harbour Development Project, the sea farm and anything related to tourism.

**1. SUBMISSIONS TO ŌPŌTIKI DISTRICT COUNCIL DRAFT 2018-2028` Separate Document
LONG TERM PLAN**

An updated Schedule of Submitters to Speak was tabled. Any changes to the order of speakers are noted throughout the minutes.

Submission 10 – Rona Jenkins

The submitter did not attend.

Submission 65 – Nola & Todd Morgan

Todd Morgan spoke in support of the submission.

The Ōhiwa Holiday Park has worked hard to promote its product and a lot of annual income is spent trying to attract tourists to the district. The park is constantly being upgraded to keep it attractive. Most businesses would agree that we do bring a large number of people to the district. Todd Morgan further said that he would like the Ōpōtiki District Council to recognise the value of tourism in the district, holiday parks especially and keep promoting the high value tourists that we bring.

Todd Morgan said he is aware of the Freedom Camping Act and noted that the rules affect his business. He realised the difficulty that Council has administering the Act. Todd Morgan would like to see the bush around his motor camp protected. He also did not believe that the ratepayers of the district should be providing showers, toilets and rubbish upkeep. It is imperative that we keep a safe environment. Changes to the Health and Safety legislation have taken a lot of time and money, noting that the open space is for everyone, not just the freedom campers.

His Worship the Mayor commended the work which Todd Morgan and his family have done over a long period of time. It is a piece of community property which the Morgans lease and they have done a great job of building up a business and bringing people into the district.

Submitter No. 76 was heard next

Submission 76 – Alex Dobie

Alex Dobie spoke in support of his submission and against the recommendations in the Staff Report.

For over a generation Council has pursued the Ōpōtiki Harbour Development as its paramount objective. It is not true, as is stated in the Staff Report, that the proposal has not cost ratepayers. Much senior staff time has gone into the Harbour Project. It is only in the last couple of years that central Government has helped with the cost of investigations. Prior to that the ratepayers paid for various reports and investigations.

Council leaders have and still are overstating the benefits of the project and understating the risks. Concerns and risks raised in the reports have not been addressed, have been downplayed or glossed over. Issues around how to fund the depreciation remain unanswered.

Dishonest media releases that have raised community expectations, e.g. a 2010 media release by the Mayor, claimed a deal had been signed with the Chinese and that it would bring 900 jobs to Ōpōtiki. When the Harbour Development Project was first proposed it was a core principle that it would not fall to ratepayers to fund it. The current CEO was tasked with preparing a business plan to attract private investors. Not one single private investor has been willing to invest in this high risk uneconomic proposal. Most pieces of infrastructure apply a user pays principle to some extent. With the proposed Harbour Development Project, Council took the easy option and in 2012, without seeking a mandate from the ratepayers, passed a resolution to have ratepayers service a \$5.4m loan that will take effect once central Government funding has been secured. That loan has yet to take effect. Several present and past Councillors decided to privately invest in the privately company Whakatōhea mussel farm. The owners/shareholders of the mussel farm have never been asked to contribute to the cost of the proposed Harbour Development Project. The remedy sought in my submission was to have the \$5.4m loan revoked. The Staff Report recommended that this request be declined. The explanation given is flawed in that it would take many years to recover \$5.4m in user charges. If Council's decision is not to revoke the resolution, then Council is asked to conduct a referendum/poll at the time of the next Local Body elections asking "Should Ratepayers Fund the Proposed Harbour Development?"

The Ōpōtiki District Citizens' and Ratepayers' Association has started an online petition to gauge the level of support of those opposed to having ratepayers serviced loans to fund the proposed harbour development.

Alex Dobie stated that he could not find a response in the Staff Report to his submission regarding zero waste, further stating that his submission has been ignored.

Alex Dobie noted that the next submitter is the Whakatōhea Mussel Family of Companies, adding that three Councillors have a conflict yet they are sitting in judgement of his and other submissions around the harbour development. These Councillors stand to gain directly from decisions that they should not be taking any part in. If these proceedings are to be seen as impartial this should not be happening. This is a serious point of order that needs to be addressed.

Later in the deliberations section of the meeting, Deputy Mayor Riesterer noted that Mr Dobie's submission regarding waste was dealt with in the Staff Report on Submissions to the Draft Waste Management and Minimisation Plan 2018.

The Planning and Regulatory Manager entered the meeting at 9.46am.

Submission No. 66 – Paula L R Black

Paula Black spoke in support of her submission and felt that it was important that people who contribute as ratepayers should front up to Council.

Refuse – Paula Black queried if the current refuse bags that are used break down in the landfills. The Engineering and Services Group Manager responded that the bags do break down. Paula Black did not think that lidded bins fit within the zero waste philosophy. She asked if there is a strategy for getting buy-in from the significant number of temporary workers who come into town as she saw this as an area of opportunity that needs to be pursued. The temporary workers will continue to contribute a huge amount more but Paula Black said she has not seen a strategy that says what we can give them to get the buy-in.

In relation to recyclable items, e.g. clothing going to landfill from charity shops etc., Paula Black would like to see something put in place to deal with those types of items.

Submission 104 – Whakatōhea Mussels Family of Companies

Ian Craig stated that the Whakatōhea Mussels Family of Companies supported what the Council is trying to do with the harbour. Going forward, it is important that we have a commercial wharf which we can use in the future. It is also important for the Whakatōhea Mussels Family of Companies that the charge rates are commercial and comparable to other players in the industry. Ian Craig concluded by saying that the plan to build a processing factory in Ōpōtiki is still on track.

Councillor Tuoro left the meeting at 9.57am and returned at 10.00am.

Submission No. 70 – Rose and Mark Hawke

Rose Hawke spoke to the submission. She thanked Council for the opportunity to speak.

Rose Hawke stated that the main item she wanted to raise has to do with recycling issues. There are so many people dumping rubbish anywhere and everywhere – maybe the introduction of wheelie bins could be an alternative and also to have an inorganic collection so people can get rid of the rubbish that they cannot take to the recycle centre.

The wharf area. Rose Hawke said she would like to see more done at the wharf area. She suggested big bins for people to put their junk and rubbish into. She would also like to see the area turned into a safe place for children, with no alcohol and no drugs and perhaps installing a unisex disabled toilet so that mothers of babies and disabled people can go to fish, adding that there are no facilities at the wharf area at present. There are also no play areas for the younger toddlers.

Rose Hawke would also like to see the footpaths upgraded and have footpaths on both sides of the street rather than on one side. It is difficult for her, being in a wheelchair, going from place to place because the footpaths are not adequate and do not meet my needs. Having to go on a grass area is a nuisance.

Earthquake prone buildings. Rose Hawke suggested demolishing earthquake prone buildings and building a plaza, with a car park. This may help to bring visitors in.

Rose Hawke stated that the gardens around town are not kept as beautifully as they used to be. She concluded by saying that the stopbanks may need looking at, i.e. increase the height of the stop banks surrounding the town.

Submission 74 – Sport Bay of Plenty

Zane Jensen, Regional Facilities Advisor for Sport Bay of Plenty spoke to the submission.

There are 3,500 people working in the sporting industry and over 50,000 volunteers in the Bay of Plenty.

Zane Jensen thanked Council for the strategic partnership it has with Sport Bay of Plenty and the ongoing support from Council for the Bay of Plenty Spaces and Places Strategy. To progress implementation of the Strategy, 12 high priority projects have been identified. In relation to Ōpōtiki,

there is a need to complete detailed feasibility studies on the development of multisport and recreation facility clusters at Memorial Park and Ohui Domain. Sport Bay of Plenty looks forward to working with Council staff on this over the next three years.

Zane Jensen reinforced Sport Bay of Plenty's support for the expansion of the cycle trail network.

Sport Bay of Plenty fully supports the redevelopment of the Rose Garden Reserve to provide another recreational and play area. Such initiatives go a long way to improving physical activity within the community.

His Worship the Mayor acknowledged the contribution which Sport Bay of Plenty makes to the district.

The meeting adjourned for morning tea at 10.22am and reconvened at 10.46am.

Submission No. 77 was moved to later in the meeting to accommodate the late arrival of the submitter.

Submission No. 111 was heard next.

Submission No. 111 – Chris Hopman

Chris Hopman tabled a paper titled "Summary of Funding Impacts on ODC Unconnected Consumers Over 2018/2028 LTP". He expanded on the request in his submission asking that Council review allocation of funding under its Draft Revenue and Financing Policy and that an independent review be sought. Chris Hopman also expressed concern at the amount which ratepayers who are not connected to services (water, wastewater, stormwater) subsidise those who are connected.

Submission No. 73 – Doug Wheeler

Doug Wheeler expressed his concern at the way the material that was sent out to ratepayers was actually phrased, adding that is a critical aspect of the process.

The wastewater proposal for the Hikutaia/Woodlands area has been about on the plans from the Regional Council for many years that it should be undertaken, so is nothing new. Doug Wheeler said that Option 1 is the most acceptable to him. However, the proposal shows a series of figures but no plan of a route, or location of pump stations etc. It is a very broad brush approach to figures that have been given and there are no finer details of how the sewerage scheme will be implemented or where it will be located. The majority of houses on Woodlands Road are off to the side of the road and many of them are further down the bank. That means a gravity feed system would have to pump the sewerage from each house back up to the road to link into the line to go down. There is no mention in the documentation whether each individual house would have to have a pump. Some of

the language that has been used in the documentation has not been well written and gives a false impression. Doug Wheeler said Councillors should pass the document back to staff and they should be told it is not good enough, and that Council will not approve the LTP until more data around costings is put in.

Harbour Development. Doug Wheeler stated that the breakdown of finances is hidden from the people.

Doug Wheeler advised that he still supported the two projects mentioned above, however the sewerage project for Hikutaia/Woodlands needs another look at how that should be put together.

Submission No. 85 – Ōhiwa Harbour Implementation Forum

Charlie Bluett and Bill Clark spoke in support of the submission from the Ōhiwa Harbour Implementation Forum.

Bill Clark read the submission regarding Issue 2 – Waste. This covered the concerns regarding the lack of waste disposal options for visitors to the Ōhiwa Harbour, particularly during summer. The Forum would support the investigation into peak season collections as described on p21 of the draft Waste Management and Minimisation Plan.

The Forum, along with residents of Kutarere and Roimata, are concerned about the dumping of rubbish in the area and the affordability and access issues many residents have with using the RRC in Ōpōtiki.

Charlie Bluett referred to the Ōhiwa Harbour Strategy which was refreshed in 2016 and covers water quality; mangrove management; the salt marsh; monitoring; native fish; kai moana; recreation; volunteers/care groups; safety and education.

Bill Clark extended congratulations to Margaret and Stuart Slade on their recent receipt of Queen Service Medals. The Slades' story is a positive one

Bill Clark encouraged ongoing support from Ōpōtiki District Council for the Ōhiwa Harbour Implementation Forum. In conclusion he complimented Tim Senior for his contribution to the Forum.

His Worship the Mayor acknowledged that the Ōhiwa Harbour is an important part of the district and suggested that the Forum meet with Council, or Council attends one of the Forum meetings.

Submission No. 77 – Surf Lifesaving New Zealand

Chris Emmett and Todd Morgan attended to present the submission from Surf Lifesaving New Zealand.

Chris Emmett stated that the expectation is that funding allows for ongoing maintenance and compliance costs. The recommendation is that the current service at Waiotahi Beach is maintained as it currently is, \$13,000. He added that Surf Lifesaving would like to see extra funding for the holiday park area at Ōhiwa from Boxing Day to 6 January, and for a similar period for two years after that.

Todd Morgan stated that there had been a seven person rescue from the holiday park area 3-4 years ago. People are using the beach by the holiday park and there have been other rescues over the years.

Chris Emmett said Surf Lifesaving New Zealand would like to continue the three year Service Delivery Contract with Council. An approach has been made to the Bay of Plenty Regional Council regarding a targeted rate levy and asked that the Ōpōtiki District Council support that.

Submission No. 95 – David Reece

David Reece spoke in support of his submission regarding reticulation of the Hikutaia/Woodlands area. He noted that Council has been down the track of reticulating this area previously and it was shelved. David Reece stated that the water supply is functioning well and no one has ever got sick from it. The environment is protected by septic tanks and with filters. Any future contamination would be the responsibility of the exacerbators and corrected at their cost. Expansion should be planned for and given the Regional Council's requirements for control of septic tanks and advancements in on-site effluent treatment systems, growth can be managed without the need for sewage reticulation.

David Reece referred to the fact that Waiotahi Drifts is reticulated. Reticulating another area will put more stress on the treatment system at Snells Beach.

Councillor Tuoro left the meeting at 11.42am and returned at 11.45am.

Submission No. 98 – Eastern Bay Smokefree Coalition

Hatia Ruru and Michelle Adams spoke to the submission.

Hatia Ruru noted that nicotine is highly addictive and it is hard to overcome the addiction. Many illnesses are also caused through smoking. Cigarettes are now in plain packaging to help discourage people from purchasing cigarettes.

Michelle Adams congratulated Council on its Smokefree Policy. She advised that last month the Eastern Bay Smokefree Coalition undertook an audit of playgrounds and reserves. In the Ōpōtiki district there were no smokefree signs. Michelle Adams would like Council to implement signage and review its 2007 policy with consideration to including the Intercity bus stop, alfresco dining, beaches, the main street as well as sports grounds and facilities.

Submission No. 100 – Coral Chalmers

Coral Chalmers stated the vision for the Ōpōtiki skate park and some of the surrounding area is supported by about 2,000 people via an online petition.

The zone of the area has been changed to marine servicing and there is no certainty that the skate park will be a permitted activity.

In relation to allocation and the intended funding spend on the skate park, Coral Chalmers suggested that Councillors go online and see the comments.

Coral Chalmers questioned why Council would require all of the land for a future marina, ignoring the fact that there is a skate park there. She thought the concept of a Great Central Park would be wonderful for the town. It would be so welcoming and inclusive to all and could include picnic and seated areas, a scooter park etc., and a footpath could go through to the marina.

Coral Chalmers said she saw in the Staff Report that some submissions have been accepted and some which have the most supporters of all accepted in principle.

Coral Chalmers asked for clarification of matters related to the District Plan.

If money is limited for recreational facilities, Coral Chalmers believes that the cycle trails have had a fair share of the pie and she cannot believe how Council has allowed the skate park to deteriorate to what it is.

In conclusion, Coral Chalmers said it would be nice to have a point of contact for children to let Council know when something is wrong or needs fixing at the skate park.

The Chief Executive Officer clarified that the skate park had an existing use right.

Submission No. 110 was heard next

Submission No. 110 – Toi-EDA

Francis Pauwels spoke to the Toi-EDA submission, highlighting three key points.

Tourism sector. Francis Pauwels said he could see the tourism sector in the Eastern Bay growing and supports options of funding going into that sector, adding that Council may want to consider making an allocation into the wider tourism sector.

Harbour Development Project. In relation to aquaculture, Francis Pauwels stated that if Council is not already doing so, it may want to look at some broader areas to develop a wider industry and products.

Māori land development – Ōmaio. Francis Pauwels noted that the Ōmaio land development is about kiwifruit at the moment but it is also about getting serious capital into Māori land and helping to develop it. With regard to the rates remission, he asked Council to consider rolling that through.

The Planning and Regulatory Manager left the meeting at 12.07pm and returned at 12.12pm.

Submission No. 64 – Toi Te Ora –BOPDHB

Phil Shoemack and Michelle Adams attended to present the submission from Toi Te Ora – Bay of Plenty District Health Board.

Phil Shoemack congratulated Council on a well presented Consultation Document – it is the best he has seen.

Phil Shoemack stated that although not everything in the Consultation Document is of a health type nature, he spoke on the following issues.

Wastewater for Woodlands/Hikutaia. Phil Shoemack said reticulating the Woodlands/Hikutaia area is the right thing to do. Septic tanks have their place but not in an urban environment, particularly when growth is expected.

Waste management. The District Health Board does not have any particular preference for any of the options but it would be good if the option most resistant to dogs was chosen. So long as waste is collected and disposed of in a way mindful of public health.

Climate change – flood events are only one significant event.

Tourists and facilities. Phil Shoemack encouraged Council to take up any funding opportunities from central Government in relation to potable drinking water and potable waste disposal.

Mōtū trails. There is a health benefit of getting people more active. Cycling should not only be considered as being recreational but also a viable means of everyday transport.

Harbour Development Project. The District Health Board's submission is basically saying that there is an opportunity to provide not only business and employment, but provide a facility for the community. He asked that Council ensure the wharf area is as practically connected to the town as possible and that it is a smokefree area – the ways places are designed does impact on personal safety.

Road seal extension. Dust can be a health issue for respiratory health and Phil Shoemack urged Council to not just see road sealing as a benefit of people living on the road. If a road is sealed, it will benefit all users.

Rose Garden concept plan. Phil Shoemack commented that the concept plan for redevelopment of the Rose Garden looks lovely on paper. He suggested that crime prevention be factored in the design.

Phil Shoemack concluded by congratulating Council on wanting to reduce the UAGC charge.

Submission No. 94 – Shona Hammond Boys

The submitter did not attend.

Item 3 (Submissions to the Ōpōtiki District Council Draft Waste Management and Minimisation Plan) was considered next.

2. STAFF REPORT ON SUBMISSIONS TO THE DRAFT 2018-2028 LONG TERM PLAN

p3

A report setting out changes to the Draft LTP since adoption was tabled.

The Chief Executive Officer advised that the change to the NZTA FAR rate will free up some funds and the contribution to Civil Defence is now a targeted rate by the Bay of Plenty Regional Council so is a one-off win for Council. In relation to the Rose Gardens, she stated that the costings received seemed excessive and suggested staying with a budget of \$250,000 and getting staff to re-scope the project.

The Chief Executive Officer also noted that the numbers for the Hikutaia/Woodlands reticulation will need some more work. There are also constraints around contractors and internal staff resources should Council decide to undertake more projects. She also noted to Council that funding for the Opape area was already in the budget and that the new Reserves Manager is tasked with looking at this.

The following items were discussed in deliberations:

Surf Lifesaving

His Worship the Mayor was unsure about funding for life savers at Ohiwa Beach by the holiday park.

Deputy Mayor Riesterer stated that Council would need some number assessments, adding that it was important that Surf Lifesaving New Zealand have data to back up the request.

It was agreed to increased funding, only at Waiotaha.

Rose Garden

Deputy Mayor Riesterer said she liked the idea of putting the rose garden by the skate park and making a centralized recreational area.

His Worship the Mayor was of the opinion that if the harbour development goes ahead, waterfront land will be at a premium and he expressed some reservation about creating a recreational facility there.

Council agreed to leave the budget at \$250,000 for the upgrade of the rose garden.

FAR Rate Increase

His Worship the Mayor thought there was opportunity to use some of the savings from the FAR rate increase to keep rates down and then undertake some extra projects over the next 12-18 months, provided staff could give an assurance that the projects could be done and contractors are available.

Urban Kerb and Channeling

Councillor Tuoro declared an interest as there is no kerb and channeling on the road she lives on.

It was agreed that some additional kerb and channeling be done in the urban area. The Engineering and Services Group Manager will look at the costings around doing three blocks of urban kerb and channeling instead of two blocks.

Parks and Reserves

Extra funding will be put towards reserves, public spaces and litter.

Rate Increase

Councillor Young stated that if Council wants to build capacity for the future, some of the extra funds which have become available should be put into reserves for future use, earmarked or not and he suggested 50%. He added that he would be happy if the rate increase remained at 4.8% or so.

From a discussion, it was agreed that the rate increase would be kept to around 4%.

Deputy Mayor Riesterer left the meeting at 1.40pm and returned at 1.44pm.

Urban Footpaths

Some funding being allocated to urban footpaths was agreed to.

Rural Road Reseals

Council agreed that some funds should be allocated to rural road reseals.

Bridges

Council agreed that some funds would be put towards bridge components and bridge inspections.

Youth Programmes

The Mayoral Discretionary Fund will be increased by \$5,000 to allow for support of Youth Programmes.

Hikutaia/Woodlands Wastewater Reticulation

It was agreed to adopt Option 1 (Reticulate when growth is apparent, ideally alongside water pipe renewal) as set out in the Consultation Document.

Waste Management

It was agreed to adopt Option 3 (increase recycling capacity using 40L bags) as set out in the Consultation Document.

Refuse Options

It was agreed to adopt Option 2 (40L bins for refuse collection and subsidy) as set out in the Consultation Document.

Stormwater

It was agreed to adopt Option 3 (Projects to keep pace with climate change) as set out in the Consultation Document.

Tourism Facilities

It was agreed to adopt Option 2 (Budget to access co-funding) as set out in the Consultation Document.

Mōtū Trails

It was agreed that Option 2 (budget to access co-funding) be adopted as set out in the Consultation Document.

Following a discussion on the 'Feedback Sought' items in the Consultation Document, the following decisions were made:

Animal Control

It was agreed that \$15,000 be budgeted for a neutering programme for menacing dogs.

Council Services to Coast communities

It was agreed that funding to the the Coast Community Board Coast Initiatives Fund be increased by \$10,000.

Earthquake Prone Buildings

It was agreed that Council is currently discharging its responsibilities as it should in relation to earthquake prone buildings and will keep a watching brief.

With regard to the upgrading of Council's earthquake prone buildings, it was noted that there is some funds in the budget to upgrade some buildings and work through the issues with other buildings. There are some buildings which will need demolishing.

RESOLVED

- (1) That the report titled "Staff Report on Submissions to the Draft 2018-2028 Long Term Plan" be received.**
- (2) That Council accept late submissions from Bay of Plenty Regional Council and Doug Wheeler.**
- (3) That the submissions to the Draft 2018-2028 Long Term Plan be received.**
- (4) That the draft preliminary advice from staff be received and used (as amended) for the basis of letters of response to the submitters.**
- (5) That the Council direct staff to make adjustments to the budgets to take into account amendments between now and adopting the 2018-2028 Long Term Plan.**
- (6) That Council direct staff to include budget funding for:**
 - Urban footpaths**
 - Reserves, public spaces and litter**
 - Urban kerb and channelling**
 - Bridge components and bridge assessments**
 - Rural road reseals.**

Tuoro/Riesterer

Carried

3. SUBMISSIONS TO THE OPOTIKI DISTRICT COUNCIL DRAFT WASTE MANAGEMENT AND MINIMISATION PLAN

Separate Document

Submission No. 02 – Toi Te Ora – BOPDHB

Phil Shoemack and Michelle Adams spoke to the submission from Toi Te Ora – Bay of Plenty District Health Board.

Phil Shoemack stated that this is about waste minimisation which means avoiding waste altogether and that is possible in some circumstances. The Act requires Councils to review their Waste Management

and Minimisation Plans every five years and he would encourage Council to review waste in the district including the activities of others, e.g. individual citizens and commercial operators. He acknowledged that the objectives in the Plan make sense from a public health perspective. He expressed disappointment that there has not been as much progress as desired since 2017. With waste it is getting a fix on what is going through the system, what the waste is, where it is it coming from, how is it being created and how does it flow through the waste stream and where does it end up. Shipping out to another district does not see it going away.

Opotiki District Council was one of the earlier adopters of the Zero Waste philosophy. A lot of it is about winning the hearts and minds of your residents.

Phil Shoemack said one area the Bay of Plenty District Health Board has particular interest in is the safe capture and disposal of medical waste. He thought it would be beneficial to put some dates in the Plan for certain things to happen.

The meeting adjourned for lunch at 12.45pm and reconvened at 1.12pm. Item 2 (Staff Report on Submissions to the Draft 2018-2028 Long Term Plan) was considered prior to Item 4

4. STAFF REPORT ON SUBMISSIONS TO THE DRAFT WASTE MANAGEMENT AND MINMISATION PLAN 2018 **p57**

RESOLVED

- (1) That the report titled "Staff Report on Submissions to the Draft Waste Management and Minimisation Plan 2018" be received.**
- (2) That the submissions to the Draft Waste Management and Minimisation Plan 2018 be received.**
- (3) That the draft preliminary advice from staff be received and used (as amended) for the basis of letters of response to the submitters.**
- (4) That the Council direct staff to make minor adjustments to the budgets to take into account suggested amendments between now and adopting Draft Waste Management and Minimisation Plan.**

HWTM/Browne

Carried

His Worship the Mayor acknowledged the community input into this Long Term Plan process, adding that Council needs to work harder to ensure the community understands the work Council does. He

thanked the Chief Executive Officer and staff for all the time and effort put into the Long Term Plan, adding that there is a large amount of work involved.

His Worship the Mayor will discuss the hearings, deliberations and outcomes of the meeting with Councillor McRoberts who was not present. A copy of the draft minutes of the meeting will be provided to Councillor McRoberts.

THERE BEING NO FURTHER BUSINESS THE MEETING CLOSED AT 2.56PM.

**THE FOREGOING MINUTES ARE CERTIFIED AS BEING A
TRUE AND CORRECT RECORD AT A SUBSEQUENT
MEETING OF THE COUNCIL HELD ON 30 JUNE 2018**

J H FORBES

HIS WORSHIP THE MAYOR

REPORT

Date : 26 June 2018
To : Extra Ordinary Council Meeting, 30 June 2018
From : Finance and Corporate Services Group Manager, Bevan Gray
Subject : **ADOPTION OF 2018-2028 LONG TERM PLAN – ECONOMIC DEVELOPMENT**

ACTIVITY

File ID : A139499

EXECUTIVE SUMMARY

Under Section 95 of the Local Government Act 2002 Council must prepare and adopt a Long Term Plan every three years. Council must use the special consultative procedure in adopting the Long Term Plan. The 2018-28 Long Term Plan has been amended following Council's deliberations arising from consultation and submissions and is presented subsequently for adoption.

However to ensure we are managing conflicts of interest in relation to the harbour development project effectively, it is appropriate that we adopt the Economic Development Activity budget separately from the overarching LTP. Once this is adopted by the elected members that have no interest in the aquaculture companies then the whole Council can adopt the LTP.

PURPOSE

To have Council adopt the 2018-28 Long Term Plan budget for the Economic Development activity.

BACKGROUND

The Local Government Act 2002 (LGA 2002) requires Council to prepare and adopt a Long Term Plan every three years, and an Annual Plan for each financial year. Circulated as a separate document is the proposed 2018-28 Long Term Plan. The 2018-28 Long Term Plan Consultation Document and the associated summary information were adopted for consultation on 24 April 2018. Consultation was held during April and May 2018 and 112 written submissions were received with 11 verbal submissions

being heard by Council. These were considered by Council at the Extra Ordinary meeting held on 12 June 2018 and the Long Term Plan has now been amended in line with Council's deliberations/decisions arising from consultation and submissions.

2018-2028 LONG TERM PLAN BUDGET FOR ECONOMIC DEVELOPMENT

There has been one amendment to the proposed budget for the Economic Development activity since the 2018-2028 Long Term Plan Consultation Document was adopted for consultation, and that is to delay the start of the harbour project until year 2 of the Long Term Plan following the No decision from Minister Jones. Council is confident that the project will still proceed, but more work needs to be done before the government will approve the funding. At this point in time we do not have any other justifiable figure for the project other than the value previously adopted through the 2015-2025 Long Term Plan. Due to the significant nature of the harbor development project to the community as a whole we have separated the adoption process for this activity, within which the project is contained.

HARBOUR PROJECT

This LTP process has been complicated by the progress of the Harbour Project through the Ministry of Business Innovation and Employment (MBIE) decision making processes. Under the confidentiality terms of the Memorandum of Understanding (MOU) with MBIE, Council were not able to use the capital costs of the harbour contained in the business case in the consultation document. Following discussion with MBIE, Department of Internal Affairs (DIA), Office of the Auditor General (OAG) and Audit NZ, council elected to take the position previously consulted on in the 2012 and 2015 LTP's. This was supported by Audit NZ on the basis that the financial position to ratepayers was unchanged (i.e. any additional funding was assumed to come from elsewhere).

The financial position previously consulted in both those LTP processes is as follows:

- Capital costs of \$52M
- Councils contribution of a \$5.4M loan repaid over time from fees and charges
- Operating costs covered from fees and charges.

During the consultation period a decision was made by government, and communicated to Council, that the project would not proceed with a cost of \$145M. A discussion with Minister Jones outlined the option of further refining costs (a process that had already been started but not presented to cabinet), in conjunction with a representative of the independent review panel being made available to work with Council, and the potential to look at other ownership options. The government media release that followed the meeting with Minister Jones only set out the "not at \$145M" message.

The timing of the decision, and the difference between the content of the meeting and the media statement, left Council in a difficult position with its LTP process. At the Ordinary Council meeting of 5 June to adopt the draft 2018-2028 LTP for consultation, three councillors declared an interest and vacated the chambers during the debate and decision. Council considered all the information it had available to it, including some of the papers that were presented to Ministers and the Independent Advisory panel. It considered a range of options and resolved to proceed with the LTP process as follows:

- 1. That Council engage with the Ministers appointee over other options for Opotiki, including the revised costs and potential revised design for the harbour development.*
- 2. That Council agree that we continue our current LTP process, reconsidering options as new information becomes available.*

Since the meeting there have been a number of communications with MBIE and the independent Advisory panel member, and a process forward is formulating that, for Council, involves:

1. Engaging in joint Eastern BOP Priority work
2. Engineering work to provide a full review of the project.

Council received a number of submissions in the LTP process overwhelmingly in support of continuing with the harbour project. They heard one submission against the harbour.

Given the support received via submissions, and the previous decision from the 5 June meeting, it is proposed that Council continue to see the current process through.

Again Council finds itself in a difficult position as it comes to adopt its LTP in relation to the harbour financials:

- the tender process is still live and therefore commercially sensitive
- the cost released by the government is not the capital costs of the harbour contained in the business case
- currently Council have proposals for reduced costs that are inside the tender process and therefore commercially sensitive.

Given council went to consultation on the LTP with the previously consulted position, it is proposed that Council continue those numbers into the 2018-2028 LTP. The same argument applies as was used

when the consultation document was adopted – that the impact on ratepayers remains as it has for the last 6 years. This has now been consulted on three times – 2012, 2015 and now the 2018 LTP processes. Any deviation from this position would likely require an amendment to the LTP by advertising a proposal via a fully public consultation process.

SIGNIFICANCE ASSESSMENT

Adoption of the Long Term Plan is considered significant in that under legislation it must be subject to the special consultative procedure before being adopted. This process has been undertaken.

OPTIONS

Nil. Council is required by law to adopt a Long Term Plan.

CONSULTATION

Council has complied with the Special Consultative Procedure in developing the 2018-28 Long Term Plan.

RECOMMENDATIONS:

- 1. That the report titled “Adoption of 2018-2028 Long Term Plan – Economic Development Activity” be received.**
- 2. That Council:**
 - (a) Adopts the 2018-2028 Long Term Plan Budget for the Economic Development Activity.**

Bevan Gray

FINANCE AND CORPORATE SERVICES GROUP MANAGER

REPORT

Date : 14 June 2018

To : Extra Ordinary Council Meeting, 30 June 2018

From : Finance and Corporate Services Group Manager, Bevan Gray

Subject : **ADOPTION OF OPŌTIKI DISTRICT COUNCIL 2018-2028 LONG TERM PLAN,
SUPPORTING POLICIES AND FEES AND CHARGES FOR 2018/19**

File ID : A138244

EXECUTIVE SUMMARY

Under Section 93 of the Local Government Act 2002 Council must prepare and adopt a Long Term Plan for a period of not less than ten consecutive financial years. The Long Term Plan must be reviewed every three years as a statutory minimum. Council must use the special consultative procedure in adopting the Long Term Plan. The draft 2018-2028 Long Term Plan (LTP) has been amended following Council's deliberations arising from consultation and submissions and is now presented for adoption along with supporting policies and fees and charges.

PURPOSE

To have Council adopt the Opotiki District 2018-2028 Long Term Plan, supporting policies and the fees and charges for 2018/19.

BACKGROUND

The Local Government Act 2002 (LGA 2002) requires Council to prepare and adopt a Long Term Plan every three years. Circulated as a separate document is the Opotiki District 2018-2028 Long Term Plan. The draft Opotiki District 2018-2028 Long Term Plan was adopted for consultation on 25 April 2018 in the form of the consultation document. Consultation was held from 25 April 2018 to 25 May 2018 and 112 submissions were received (including late submissions) with 15 verbal submissions being heard by Council. These were considered by Council at the Extra Ordinary meeting held on 12 June 2018.

It is noted that Councillor McRoberts could not make the hearing due to adverse weather conditions. He received all the agenda material, written submissions and, following the hearing, detailed notes of the meeting.

The draft LTP has now been amended in line with Council's deliberations arising from consultation and submissions.

While no longer required to be included in the Long Term Plan document, Council also needs to adopt the following policies for use and copies of each are attached to this report:

- Rates Remission on General Land Policy
- Rates Remission on Maori Freehold Land Policy
- Rates Postponement on Maori Land Policy
- Postponement of Rates in Cases of Extreme Hardship Policy
- Development Contributions and Financial Contributions Policy
- Treasury Risk Management Policy and Procedures including Liability Management and Investment Policies.

Adoption of the Fees and Charges for 2018/19 is also required and a copy is attached to this report.

COMBINED IMPACT OF CHANGES TO DRAFT LONG TERM PLAN

The amendments made following hearings and deliberations have reduced the rate requirement for next year from 4.86% to 3.95%

SIGNIFICANCE ASSESSMENT

Assessment of significance

Under Council's Significance and Engagement Policy, on every issue requiring a decision, Council considers the degree of significance and the corresponding level of engagement required. The level of Significance for Adoption of the 2018-2028 Long Term Plan and Supporting Policies is considered to be high as determined by the criteria set out in section 12 of the Significance and Engagement Policy.

The decisions or matters of this report are part of a process to arrive at a decision that will be significant in accordance with Section 2 of the Significance and Engagement Policy. This states that a matter shall be determined to be significant when adopting a Long Term Plan. As a significant decision or matter, the Council must apply greater diligence in regards to the decision making requirements of the Local Government Act 2002 sections 76-82. This includes, but is not limited to, the degree to which

different options are identified and assessed and the extent to which community views are considered, including whether consultation is required.

Assessment of engagement requirements

As the level of significance for Adoption of the 2018-2028 Long Term Plan and supporting policies is considered to be high the level of engagement required is determined to be at the level of consult according to Schedule 2 of the Significance and Engagement Policy.



COMMUNITY INPUT AND PUBLICITY

Council has complied with the Special Consultative Procedure in developing the 2018-2028 Long Term Plan, the supporting policies and the fees and charges schedule.

Public consultation was conducted from 25 April to 25 May 2018. Consultation was notified in the local newspaper, on radio, on Council’s website and its Facebook page. A letter notifying consultation on the LTP was sent to all absentee ratepayers, and emails were sent to Council’s LTP newsletter database subscribers and to anyone who had previously provided feedback during the LTP planning phase. Copies of the consultation document were made available at Council offices, the Ōpōtiki District Library and were distributed to the offices of Te Whanau a Apanui, Whakatohea Maori Trust Board and Ngaitai Iwi. All information supporting the LTP was made available on Councils website and hardcopies were made available at Council’s head office and the Opotiki District Library during the consultation period.

Once adopted, the final LTP document (along with the supporting policies and fees and charges schedule) will be available on Councils website and hard copies of the LTP can be viewed at Council’s head office and the Ōpōtiki District Library.

CONSIDERATIONS

Financial/budget considerations

The decisions of this report are the culmination of a year long process to develop the long term plan. These will set the financial budgets for the next three years as a base to work from. So in two years time we will still be referring to this LTP as the measure that we report against.

The process to develop this LTP has been robust and documented. It involved elected members, staff, key stakeholders in the district and wider industries, and most importantly the community through various channels of feedback and consultation.

Policy and planning implications

The decisions of this report are consistent with legislation, and are mandatory to setting the rates for the Council.

Risks

Risks associated with this type of decision can include challenges to the rates setting process. For Council this could entail the harbour development project and a failure to manage conflicts of interest. The Council Chief Executive, elected members and staff have been very careful throughout this process to ensure that elected members with a conflict do not partake in discussion or decision making when dealing with the harbour. We have taken advice as appropriate and are confident that this process has been managed well, and that there have been robust decisions being made by the non-conflicted elected members around the table.

Rating documentation can sometimes include errors that have unintended consequences leading to rating reviews. Annually we have legal reviews performed on our rating documentation to ensure compliance with all aspects of legislation, and to remove any likelihood of challenge.

Authority

The Council has the authority to adopt the LTP, policies, rating documentation, fees and charges schedule, and set the rates for next year.

RECOMMENDATIONS:

- 1. That the report titled "Adoption of the Ōpōtiki District Council 2018-2028 Long Term Plan, Supporting Policies and Fees and Charges for 2018/19" be received.**
- 2. That Council:**

- a) Adopts the Ōpōtiki District Council 2018-2028 Long Term Plan and allow minor typographical amendments proposed by Audit.**
- b) Adopts the Rates Remission Policies, the Development Contributions and Financial Contributions Policy, the Treasury Risk Management Policy and Procedures including Liability Management and Investment Policies.**
- c) Adopts the Funding Impact Statement contained within the Ōpōtiki District 2018-2028 Long Term Plan.**
- d) Adopts the Schedule of Fees and Charges for the 2018/19 year.**

Bevan Gray

FINANCE AND CORPORATE SERVICES GROUP MANAGER

Rates Remission on General Land Policy

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 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 Finance and Corporate Services Group Manager.

Rates Remission on Māori Freehold Land Policy

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.
- (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 is has agreed to remit rates pursuant to this policy.

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.

Rates Postponement on Maori Land Policy

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.

Policy Statement

Conditions and criteria

Council will consider postponement of rates where previously unoccupied land is subject to development.

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 Group Manager

Postponement of Rates in Cases of Extreme Hardship Policy

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 Group Manager

Development Contributions and Financial Contributions Policy

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.

Currently Council does not require development contributions for development that triggers section 198(1) of the Local Government Act 2002 ("LGA") on or after 1 July 2015.

It is Council policy to continue to allocate the development contributions collected for qualifying projects prior to 2015 included in Councils former policies for development contributions on the same basis as previously prescribed. These projects are identified in the 2018-28 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

The Ōpōtiki District Council does not require development contributions for new development.

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.

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 2021-31 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			
Funding										
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			
Total	261,388	130,615	96,282	99,157	102,237	105,720	109,290	0	0	0

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 2018-28 Long Term Plan. Notwithstanding the application of contributions already collected, capital expenditure will be funded as follows from 1 July 2018;

Expenditure Type	Funding Source
Renewal of existing assets	Internal Loan
Increase in level of service	Internal Loan
Growth in demand	Internal 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.

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 Ōpōtiki District Council ("Ōpōtiki"). The formalisation of such policies and procedures will enable treasury risks within Ōpōtiki to be prudently managed.

As circumstances change, the policies and procedures outlined in this Policy will be modified to ensure that treasury risks within Ōpōtiki 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 Ōpōtiki
- 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 Ōpōtiki '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 Ōpōtiki in achieving strategic objectives relating to ratepayers.

It is intended that the Policy be distributed to all personnel involved in any aspect of the Ōpōtiki'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 Ōpōtiki in respect of treasury management activities
- The Policy has not been prepared to cover other aspects of Ōpōtiki's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of Ōpōtiki 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
- Ōpōtiki 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

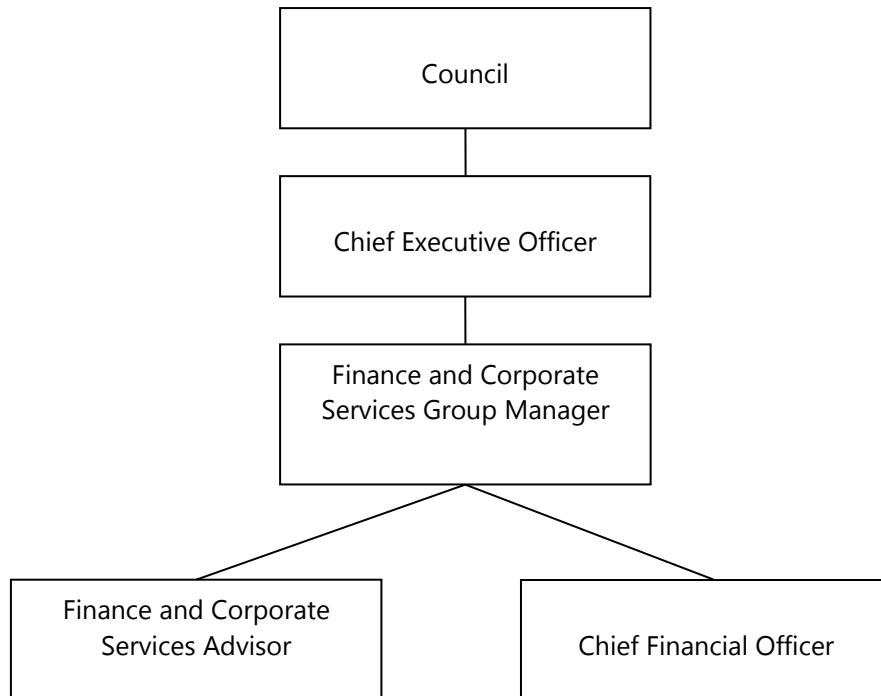
Policy statements

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 Ōpōtiki.

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 Ōpōtiki 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:
 - Borrowing, investment and dealing limits and the respective authority levels delegated to the CEO, F&CSGM 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&CSGM.

3.4 Finance and Corporate Services Group Manager (F&CSGM)

The F&CSGM'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 Chief Financial Officer

- 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&CSGM 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 Finance and Corporate Services Supervisor

- 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&CSGM (delegated by CEO) CFO(delegated by F&CSGM)	Subject to Policy

Activity	Delegated Authority	Limit
Re-financing existing debt	CEO (delegated by Council) F&CSGM (delegated by CEO) CFO (delegated by F&CSGM)	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	CFO	N/A
Manage borrowing and interest rate strategy	CFO	N/A
Adjust interest rate risk profile	CFO	Per risk control limits
Managing funding and investment maturities	CFO	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&CSGM CFO	Unlimited \$10M \$5M
Manage cash/liquidity requirements	CFO	Per risk control limits
Authorising list of signatories	F&CSGM	Unlimited
Opening/closing bank accounts	F&CSGM	Unlimited
Triennial review of Policy	F&CSGM	N/A

Activity	Delegated Authority	Limit
Ensuring compliance with Policy	CFO	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.

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	≥ 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

Opōtiki 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&CSGM, 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 Ōpōtiki 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.

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

Procedures

Capital works will be funded through raising new debt.

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

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&CSGM.

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 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.
- 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.

5.4.4 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"> Bank bills Interest rate swaps including: <ul style="list-style-type: none"> Forward start swaps (start date <24 months, unless linked to existing maturing swaps) Amortising swaps (whereby notional principal amount reduces) Swap extensions and shortenings Interest rate options on: <ul style="list-style-type: none"> Bank bills (purchased caps and one for one collars) Interest rate swaptions (purchased swaptions and one for one collars only)
Foreign exchange management	<ul style="list-style-type: none"> Spot foreign exchange Forward exchange contracts

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
- 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&CSGM 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&CSGM 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 NZD 100,000 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 Ōpōtiki.

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&CSGM reports directly to the CEO
- The Chief Financial Officer (CFO) will report directly to the F&CSGM to control the transactional activities of the Finance and Corporate Services Advisor (FM)
- 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.

Organisational controls

- The F&CSGM 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&CSGM. 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 Finance and Corporate Services Supervisor (FM) 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 FM 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&CSGM.

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

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, Ōpōtiki may be exposed to such risks.

Ōpōtiki 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"> All policy limits must be complied with, including (but not limited to) counterparty credit limits, control limits and exposure limits All treasury deadlines are to be met, including reporting deadlines.
Management of debt and interest rate risk (borrowing costs)	<ul style="list-style-type: none"> 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 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. <p>Ōpōtiki'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.</p>
	<ul style="list-style-type: none"> 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
	<ul style="list-style-type: none"> 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.

Management	Performance
	<ul style="list-style-type: none"> The appropriate market benchmark is the established local government credit curve (via. LGFA/relevant debt capital market placement).

8.0 CASH MANAGEMENT

The Finance and Corporate Services Advisor (FM) 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 FM 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&CSGM
- 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	FM	CFO/F&CSGM
Treasury Exceptions Report	Weekly	FM	CFO/F&CSGM
Treasury Report <ul style="list-style-type: none"> • Policy limit compliance • Borrowing limits • Funding and Interest Position • Funding facility • New treasury transactions • Cost of funds vs budget • Cash flow forecast report • Liquidity risk position • Counterparty credit • Treasury performance • Debt maturity profile • Treasury investments • Loan advances/guarantees 	Quarterly	CFO	F&CSGM /CEO/ Council

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

Fees and charges

User fees and charges help fund the operation and maintenance of a variety of services provided to the community. User fee revenue reduces the rate revenue required to be collected from ratepayers.

Actual and reasonable costs as referred to in this document will vary, but will represent staff cost plus an allowance for overheads.

Regulation and Safety

Animal Management

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
Dog Registration		
The following fees apply to registration of dogs in the Ōpōtiki District		
Discounted fee (applies if paid on or before 1 August 2018)		
Complete dog	\$110.00	\$110.00
Neutered dog	\$55.00	\$55.00
Working dog	40.00	40.00
Full fee (applies if paid after 1 August 2018)		
Complete dog	\$165.00	\$165.00
Neutered dog	\$82.50	\$82.50
Working dog	\$60.00	\$60.00
Dog Pound & Other Fees		
Seizure of dogs – charge per dog		
1st occasion	\$50.00	\$50.00
2nd occasion	\$100.00	\$100.00
3rd & subsequent occasions (within twelve months)	\$150.00	\$150.00
Sustenance charge – per day per dog	\$10.00	\$10.00
Destruction/euthanasia – per dog	\$45.00	\$45.00
Replacement of registration tags	\$5.00	\$5.00
Implant of micro-chip transponder	\$25.00	\$25.00 – Free for dogs with annual registration for 2018/19 paid before 1 st August 2018
Certified companion dogs, hearing dogs and guide dogs	\$15.00	\$15.00
Hireage of dog barking collar (per fortnight)	\$15.00	\$15.00
Application for a permit to have more than two dogs on a property	Free	Free

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
Droving Charges		
Collection fee and costs incurred (plus impounding cost if appropriate) in leading, driving or conveying stock from the place where it is found to the pound or to the place where it is delivered to the owner. Mileage @ 90c/km plus actual cost of staff time Note: Costs for after-hours will be as billed.	At cost	At cost
Impounding of Stock		
Impounding per day per animal		
1st occasion	\$50.00	\$50.00
2nd occasion	\$100.00	\$100.00
3rd & subsequent occasions	\$150.00	\$150.00
Sustenance charge per head of stock per day	\$15.00	\$15.00
- Advertising Fee for unclaimed stock	To be included in sale price	To be included in sale price
- Transport / horse float	To be included in sale price	To be included in sale price

Noise Control

Return of seized equipment	\$90.00	\$100.00
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Environmental Health

(All charges include GST)

**Charges
1 July 2017**

**Charges
1 July 2018**

Food Act 2014		
Registration and Verification		
All fees and charges are based on an estimated time to process applications and verify (inspect). If more time is required, a further \$130 per hour will be invoiced.		
Application for New Food Control Plan	\$250.00 (includes two hours processing of application)	\$260.00 (includes two hours processing of application)
Application for renewal of a Food Control Plan	\$125.00 (includes one hour of processing time)	\$130.00 (includes one hour of processing time)
Application of a business subject to a new National Programme	\$125.00 (includes one hour of processing time)	\$130.00 (includes one hour of processing time)
Application for amendment to registration	\$125.00	\$130.00
Verification of a food control plan	\$125.00 per hour	\$130.00 per hour
Verification follow-up or Corrective Action Report		\$130.00 per hour (estimated two hours per report)
All other services for which a fee may be set under the Food Act	\$125.00 per hour	\$130.00 per hour
A copy of template for food control plan	-	\$25.00
A copy of National Programme Guidance	-	\$25.00

Other

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
Camping Grounds		
Application for Initial Registration	\$250.00	\$260.00
Application for Renewal Registration	\$235.00	\$240.00
Certificate of exemption from camping ground regulations	\$235.00	\$240.00
Hairdressers		
Application for Renewal of Registration (Includes 30 minute visit)	\$190.00	\$200.00
Street Stall		
Charitable or non-commercial organisation	No charge	No charge
Commercial		
Food stalls		\$60.00 (per event)
Non Food Stalls		\$20.00 (per event)
Hawkers License		
Hawkers License (Any food sold must comply with the Food Act - refer fees above).	\$35.00	\$35.00
Mobile Traders		
Mobile Traders (non-food)	\$75.00 (6 months) \$150.00 (12 months)	\$75.00 (6 months) \$150.00 (12 months)
Mobile Traders (sale of food) (Plus compliance with Food Act also required - refer to fees above)	\$50.00	\$50.00
Funeral Directors		
	\$125.00 per hour	\$130.00 per hour

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
Amusement Devices (set under legislation)		
Approval to operate:		
(a) 1 device up to 7 days	\$11.50	\$11.50
(b) Additional device up to 7 days	\$2.30	\$2.30
(c) Each device for 7 day period after first 7 day period	\$1.30	\$1.30
Class 4 Gambling Venue		
Application fee	\$450.00	\$465.00
Any other certificate or amendments		
	\$125.00 per hour	\$130.00 per hour

The following risk matrix fees structure was implemented under the Sale and Supply of Alcohol (Fees) Regulations 2013 effective from 18 December 2013.

Sale and Supply of Alcohol

(All charges include GST)

**Charges
1 July 2018**

Alcohol licensing Fees – Set by Statute		
Temporary Authority		\$296.70
Managers Certificate Application		\$316.25
Renewal Managers Certificate		\$316.25
Special Licence	Class 1(1 large event: more than 3 medium events: more than 12 small events)	\$575.00
	Class 2 (3 to 12 small events: 1 to 3 medium events)	\$207.00
	Class 3 (1 or 2 small events)	\$63.25
On Licence/renewal application		See below for new risk matrix fee structure
On Licence – BYO endorsed		See below for new risk matrix fee structure
Off Licence/renewal application		See below for new risk matrix fee structure
Club Licence/renewal application		See below for new risk matrix fee structure
Resource Management and Building Certificates required under the Sale and Supply of Alcohol Act 2012		See below for new risk matrix fee structure

Definitions

Type	Class	Description
Restaurants	1	A restaurant that has or applies for an on-licence and has, in the opinion of the Territorial Authority, a significant bar area and operates that bar area at least one night a week in the manner of a tavern
	2	A restaurant that has or applies for an on-licence and has, in the opinion of the Territorial Authority, a separate bar area and does not operate that bar area in the manner of a tavern at any time.
	3	A restaurant that has or applies for an on-licence and, in the opinion of the Territorial Authority, only serves alcohol to the table and does not have a separate bar area.
	BYO	A restaurant for which an on-licence is or will be endorsed under section 37 of the Act.
Clubs	1	A club that has or applies for a club licence and has at least 1,000 members of purchase age and in the opinion of the territorial authority, operates any part of the premises in the nature of a tavern at any time.
	2	A club that has or applies for a club licence and is not a class 1 or class 3 club
	3	A club that has or applies for a club licence and has fewer than 250 members of purchase age and in the opinion of the territorial authority, operates a bar for no more than 40 hours each week.
Remote sales premises		Premises for which an off-licence is or will be endorsed under section 40 of the Act.
Enforcement holding		A holding as defined in section 288 of the Act, or an offence under the Sale of Liquor Act 1989 for which a holding could have been made if the conduct had occurred after 18 December 2013.

Latest alcohol sales time allowed for premises

Type of Premises	Latest trading time allowed (during 24 hour period)	Weighting
Premises for which an on-licence or club-licence is held or sought	2.00 am or earlier	0
	Between 2.01 and 3.00 am	3
	Any time after 3.00 am	5
Premises for which an off-licence is held or sought (other than remote sales)	10.00 pm or earlier	0
	Any time after 10.00 pm	3
Remote sales premises	Not applicable	0
On-licence	Class 1 restaurant, night club, tavern, adult premises	15
	Class 2 restaurant, hotel, function centre	10
	Class 3 restaurant, other premises not otherwise specified	5
	BYO restaurants, theatres, cinemas, winery cellar doors	2

Type of Premises	Latest trading time allowed (during 24 hour period)	Weighting
Off-licence	Supermarket, grocery store, bottle store	15
	Hotel, tavern	10
	Class 1, 2 or 3 club, remote sale premises, premises not otherwise specified	5
	Winery cellar doors	2
Club-licence	Class 1 club	10
	Class 2 club	5
	Class 3 club	2

Number of enforcement holdings in respect of the premises in the last 18 months	Weighting
None	0
One	10
Two or more	20

Fee Categories for premises

A Territorial Authority must assign a fees category to any premises for which an on-licence, off-licence or club licence is held or sought in accordance with the table below except that it may, in its discretion and in response to particular circumstances, assign a fee category to premises that is one level lower but no premises may be assigned a category lower than very low.

The date on which the fees category must be determined is, for the purpose of an application fee, the day on which the application is made or, for the purpose of the annual fee, the day on which the annual fee is payable.

Cost/risk rating	Fees category	Application fee \$ inc GST	Annual fee \$ incl GST
0-2	Very low	\$368.00	\$161.00
3-5	Low	\$609.50	\$391.00
6-15	Medium	\$816.50	\$632.50
16-25	High	\$1,023.50	\$1,035.00
26 plus	Very high	\$1,207.50	\$1,437.50

(All charges include GST)

**Charges
1 July 2018**

Temporary Licence	Fee payable to the territorial authority by a person applying under section 74 of the Act to sell alcohol pursuant to a licence from premises other than the premises to which the licence relates	\$296.70
Permanent Club Charter	Annual fee payable to the territorial authority in which the club's premises are situated by the holder of a permanent club charter as described in section 414 of the Act	\$632.50
Extract from register	Fee payable to a licensing committee under section 66(2) of the Act for an extract from a register	\$57.50
	Fee payable to ARLA under section 65(2) of the Act for an extract from a register	\$57.50
Appeals	Fee payable to ARLA under section 154 of the Act (against a decision of a licensing committee)	\$517.50
	Fee payable to ARLA under section 81 of the Act (against a local alcohol policy)	\$57.50

Resource Management Services

(All charges include GST)

Charges
1 July 2017

Charges
1 July 2018

ALL CHARGES MINIMUM PLUS ACTUAL AND REASONABLE COSTS unless otherwise stated.

The amount stated is a fixed deposit, payable at the time of lodging an application or when making any other request for Council to perform any other function under the Resource Management Act 1991. The below deposits are charges fixed under Section 36(1) Resource Management Act and are payable in full at the time of lodging the application.

A charge additional to the fixed deposit paid, may be made once the application has been determined to cover the actual and reasonable costs incurred, determining the application.

Actual and reasonable costs will also be charged for applications that are withdrawn.

Actual and reasonable costs will include costs incurred by Council in respect of staff salaries and wages (including travel time, and on-costed to cover overheads), internal analytical costs, record keeping/storage (e.g. photocopying), external analytical costs or consultant costs, vehicle usage costs and any other direct costs or disbursements (including postage, advertising costs, etc.), plus GST. The charge out rate for Council Officer is \$130.00

Resource consent applications (see note above)

Land use applications (non-notified)

- Non-notified

\$975.00

\$1040.00

- Resource consent limited to non-compliance with Zone standards

\$630.00

\$650.00

Subdivision (non-notified and includes full partitions)

1 to 2 lots

\$1,575.00

\$1560.00

3 plus lots

\$1,785.00

\$1820.00

Boundary adjustment / Full partitions / Cross lease flats plan update (all inclusive)

\$1,000.00

\$1,000.00

All notified application (includes land use, subdivision and full partitions):

Notified / Limited notified requiring a hearing

(includes private plan change, designation, and heritage order)

\$3,700.00

\$3900.00

Hapu Partition and occupation orders (assessments)- up to 20 days to process

\$200.00

\$260.00

Additional Urgency Fee (under 5 days to process)

\$160.00

\$130.00

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
Trimming, disturbance or removal of a Notable tree , when supported by an Arborist's report, for the purpose of maintaining the health of the tree, or for protecting human life and/or property	1 hour free processing time, and then \$125 per hour thereafter (maximum chargeable time = 2 hours)	1 hour free processing time, and then \$130 per hour thereafter (maximum chargeable time = 2 hours)
Trimming, disturbance or removal of a Pohutukawa tree within the Coastal, Coastal Settlement and/or Ōhiwa Harbour Zones, when supported by an Arborist's report, for the purpose of maintaining the health of the Tree, or for protecting human life and/or property (and where the activity is not permitted by the District Plan rules)	1 hour free processing time, and then \$125 per hour thereafter (maximum chargeable time = 2 hours)	1 hour free processing time, and then \$130 per hour thereafter (maximum chargeable time = 2 hours)
Certificates and legal documents		
Section 124 – Renewal of Resource Consent	\$400.00	\$390.00
Section 125 – Lapsing Consent Application	\$250.00	\$260.00
Sections 127 – 132 Change, review or cancellation of consent conditions		
Land use	\$300.00	\$520.00
Sub division	\$375.00	\$390.00
Section 139 – Certificate of Compliance	\$450.00	\$455.00
Section 176 - Assessment of outline plan	\$550.00	\$585.00
- Outline plan waiver	\$250.00	\$260.00
Section 221 – Preparing consent notice	\$225.00 + legal costs	\$260.00+ legal costs
Section 221 – Change or cancellation of consent notice (221 (5))	\$315.00	\$325.00
Section 223 Survey Plan	\$105.00	\$130.00
Section 224 (c) Certification including compliance with consent	\$420.00	\$455.00
Section 224 (f) Certificate	\$50.00	\$60.00
All other certificates reviewing, preparing, signing including peer review	\$260.00	\$260.00

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
Resource Management Plans - fixed charge		
District Plan Purchase	\$300.00	\$300.00
Or charged in components		
• Hard copy maps	\$125.00	\$125.00
• Hard copy District Plan	\$175.00	\$175.00
• Disc / USB	\$10.00	\$10.00
Resource Consent Conditions Monitoring - fixed charge		
Monitoring of resource consent conditions hourly rate	\$150.00	\$130.00
Plus mileage @ 95 cents per kilometre (if appropriate)		
Local Government (Section 348)		
Section 348 – Easement approvals and revocation	\$280.00	\$280.00

Land Information Memorandum (LIM)

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
The following fees are fixed fees		
Rural or residential LIM	\$335.00	\$335.00
Commercial/industrial LIM	\$630.00	\$630.00
Urgency fee (under 5 days)	\$160.00	\$160.00
Copy of Certificate of Title	\$30.00	\$30.00
	Plus \$5 for additional instruments	Plus \$5 for additional instruments

Building Services

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
Project Information Memorandum – PIM		
It is recommended an owner apply for a PIM if they are considering carrying out building work and before lodging a building consent.		
All projects valued under \$50,000	\$130.00	\$130.00
All other projects valued over \$50,000	\$215.00	\$215.00
Building Consents and Code of Compliance Certificate		
This deposit is payable for all residential and commercial consent applications and is non-refundable. All fees are deposits unless otherwise stated. All deposits are non-refundable. An assessment of total fees will be made based on actual cost (including any specialist reviews). The deposit will be deducted from the actual cost. All fees and \$130.00 hourly rate are inclusive of GST and are payable before the Code of Compliance Certificate is issued.		
Category 1 Solid fuel burners, demolitions, decks & solar systems etc.	\$195.00	\$260.00
Category 2 Carport, deck, septic tank /on-site effluent treatment disposal systems	\$315.00	\$335.00
Category 3 \$5,001 - \$20,000 Building work such as sleep-outs, garages, farm buildings without plumbing and drainage	\$785.00	\$780.00
Category 4 \$5,001 - \$50,000 Building work such as sleep-outs, additions, garages and farm buildings including plumbing and drainage	\$895.00	\$1300.00
Category 5 \$50,001 - \$100,000 Large additions, alterations to dwellings, alterations to commercial buildings without plumbing and drainage	\$1,950.00	\$1560.00
Category 6 \$100,001 - \$300,000 New dwellings, large additions/alterations, commercial buildings with plumbing and drainage	\$2,500.00	\$2600.00
Category 7 Over \$300,000 - \$500,000 New dwellings, commercial buildings	\$3,625.00	\$3770.00
Category 8 Over \$500,000 New construction dwellings, commercial buildings.	\$4,200.00	\$4290.00

(All charges include GST)	Charges 1 July 2017	Charges 1 July 2018
BCA Accreditation Levy (per application) Per \$1,000 of work.	\$2.00	\$2.00
Compliance Schedules Applies to new buildings with certain automatic systems that require annual maintenance.	\$220.00	\$260.00
Note: All building consent applications requiring a compliance schedule must include the Compliance Schedule Application. The above fees do not include the costs of checks by structural engineers or the NZ Fire Service.		
Government Levies		
Building consent authority accreditation and assessment levy. Charged for meeting the standards and criteria under the Building Accreditation Regulations 2006.	\$1 per \$1,000 (or part there-after of building works \$20,444 or more)	\$1 per \$1,000 (or part there-after of building works \$20,444 or more)
Building research levy (\$1 per \$1,000 (or part there-after of building works \$20,000 or more). The BA04 requires the Council to collect a levy to be paid to the Building Research Association.	\$1 per \$1,000 (or part there-after of building works \$20,444 or more)	\$1 per \$1,000 (or part there-after of building works \$20,444 or more)
Building levy (\$2.01 per \$1,000 (or part there-after of building works \$20,000 or more) The BA04 requires Council to collect a levy to be paid to MBIE.	\$2.01 per \$1,000 (or part there-after of building works \$20,444 or more)	\$2.01 per \$1,000 (or part there-after of building works \$20,444 or more)
Following minimum charges plus actual and reasonable costs		
Application for Change of Use of a Building Applies to buildings in relation to fire safety and access for persons with disabilities (includes one inspection). Plus mileage at 95c/km	\$500.00	\$500.00
Amendment to Consent Plans Minor changes Significant changes	\$200.00 \$300.00	\$200.00 \$300.00
All other applications under the Building Act	Actual and reasonable costs, including mileage if appropriate.	Actual and reasonable costs, including mileage if appropriate.
Code Compliance Certificate (excludes category 1, where CCC is included in the fee) Inspection	\$175.00	\$100.00 Actual cost (minimum charge \$130.00)
WOF Inspection Existing Compliance Schedules (Auditing)		
Audits and inspection fees	\$150.00	Actual Cost (minimum charge \$130.00)
Building WOF Annual renewal Fee	\$50.00	\$130.00

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
Certificate of Acceptance		
Application for Certificate of Acceptance	\$1,000.00	Actual Cost (minimum charge \$1000.00)
Application certificate of Public Use	\$200.00	\$200.00
Mileage	95c/km	95c/km
Fencing of Swimming Pools		
Inspection of pool fence under Building Act, as required by the Building (Pools) Amendment Act 2016 (supersedes the Fencing of Swimming Pools Act 1987). Inspections include an audit every 3 years and any follow-up inspections required to ensure any identified issues are addressed.	\$150.00 per inspection	\$150.00 first inspection Second inspection is free if the pool has been made compliant.
Issuing of a Notice to fix		
Service of a notice to fix		\$260.00
Request for Information – Regular		
Annual subscription for the regular provision of copies or summaries of building consents, or applications or ancillary information:		
• Request for 1 month	\$50.00	\$50.00
• Per year	\$200.00	\$200.00

Engineering Charges

(All Charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
(a) Road, Street, Footpath and Infrastructure Damage		
• Bond	\$850.00	\$850.00
• Inspection Fee	\$160.00	\$160.00
(b) Water Supply Connection Fee For Ōpōtiki, Ohiwa, Te Kaha plus actual costs of any additional materials, plant, and labour required.	\$310.00	\$310.00
(c) Sewer Connection Fee For Ōpōtiki plus actual costs of any additional materials, plant, labour required.	\$350.00	\$350.00
(d) Stormwater discharge Fee for discharge to land administrated by Council	\$250.00	\$250.00

(All Charges include GST)

		Charges 1 July 2017	Charges 1 July 2018
(e) Vehicle Entrance – Approved Contractor			
	Specification Entrance Description		
R08	1 Lot – Residential	\$3,600.00	\$3,600.00
	2 Lots – Residential	\$4,100.00	\$4,100.00
R09	Heavy Industrial Single	\$9,700.00	\$9,700.00
	Heavy Industrial Double	\$13,800.00	\$13,800.00
	Light Industrial Single	\$9,200.00	\$9,200.00
	Light Industrial Double	\$13,300.00	\$13,300.00
R10	1 Lot – Existing Residential	\$3,600.00	\$3,600.00
	2 Lots – Existing Residential	\$4,100.00	\$4,100.00
R28	1 Lot – Rural Vehicle Entrance	\$5,100.00	\$5,100.00
	2-3 Lots – Rural Vehicle Entrance	\$6,100.00	\$6,100.00
	Inspection fee	\$160.00	\$160.00
Entrance cost refundable if approved contractor used and entrance installed to specification.			
(f) Peer Review of engineering specifications		At cost	At cost
Note: Where costs exceed bonds applicants will be required to meet the difference after receiving invoice.			

Community Facilities

CBD and i-SITE Public Toilets Usage

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
i-SITE showers	\$3.00	\$3.00

Hire of Reserve Land

Leases or License for exclusive use of reserve land shall be determined by public tender or valuation.

Community groups may be granted preferential exclusive use of reserve land where the reserve meets the group's specific requirements.

Temporary use of Council reserves for a commercial operation charged \$100.00 application fee plus \$50.00 per day. For example circus or similar.

A commercial concession may be granted for a food or beverage stall occupying less than 10 square metres to operate on reserve land - charge \$50 application fee, \$10 per day or \$50 per week.

No charge shall apply for A & P Association use of the Showgrounds for the annual show.

Hire of Sports Pavilions

	Cost / Session 1 July 2017	Cost / Hour 1 July 2017	Cost / Session 1 July 2018	Cost / Hour 1 July 2018
Community Group (Non Profit)	\$40.00	\$15.00	\$40.00	\$15.00
Private (i.e. family function, no entry fee)	\$100.00	\$25.00	\$100.00	\$25.00
Corporate/Commercial Use	\$150.00 + GST	\$50.00 + GST	\$150.00 + GST	\$50.00 + GST

* Session is defined as: 7am – midday, midday – 5pm, 5pm – midnight

* A refundable bond up to \$500 may be charged.

Library Fees and Charges

(All Charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
Membership		
Replacement card (lost)	\$2.00	Nil
Temporary members and visitors – Deposit	\$50.00	\$50.00
Temporary members and visitors – Refund (on return of library card and all resources borrowed)	\$40.00	Nil
Loans		
Rental fees	\$0.00 - \$5.00	\$0.00 - \$5.00
Holds	\$1.00	\$1.00
Fines (per day)	\$0.20	\$0.20
Lost / damaged / unreturned items	Replacement cost	Replacement cost
	Nil	Nil
Interloans U18	\$4.00	\$4.00
Interloans (where reciprocal borrowing applies)		
Interloans (where reciprocal borrowing does not apply)	\$15.00	\$15.00
Printing and Photocopying		
A4 B&W	\$0.20	\$0.20
A4 Colour	\$1.00	\$1.00
A3 B&W	\$0.40	\$0.40
A3 Colour Sheet	\$2.00	\$2.00
Faxing / Emailing		
New Zealand	\$1.00	\$1.00
Other countries		
Sale of old stock		
	As marked	As marked
APNK Internet Service (Internet access, email, word-processing etc.)		
	Free for 30 minutes use	Nil

Cemetery Fees and Charges

(All Charges include GST)

		Charges 1 July 2017	Charges 1 July 2018
Cemetery Plots			
Purchase Plot (also reserve plot)	Adult	\$1,315.00	\$1,315.00
	Child	\$630.00	\$630.00
Interment Fee	Adult	\$525.00	\$525.00
	Child	\$235.00	\$235.00
	Stillborn	\$235.00	\$235.00
	Saturday	\$740.00	\$740.00
	Ashes	\$115.00	\$115.00
Ashes – Niche Wall	Adult/Child	\$315.00	\$315.00
Ashes – cremation strip			
• Purchase of Plot	Adult/Child	\$370.00	\$370.00
• Interment fee	Adult/Child	\$125.00	\$125.00
Monument Permit		\$48.00	\$48.00

Water Supply

Bulk Water Take From Hydrants

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
All bulk water supplies using Council's hydrants must comply with Section 11 Tankard Drinking Water compliance criteria of the Drinking Water Standards for New Zealand 2005 (Revised 2008).		
Bulk water cost to fill tankers from hydrants from Ōpōtiki and Te Kaha water supplies	\$10.00 / m ³	\$10.00 / m ³

Water Meter Charges

Any property that is connected to the Ōpōtiki, Te Kaha or Ōhiwa Water supplies, where there is a water meter, the metered volumes of water used shall be charged to the following rates per cubic meter		
Ōpōtiki	65.5 c/m ³	65.5 c/ m ³
Te Kaha	\$1.15 /m ³	\$1.15 / m ³
Ohiwa	\$1.15 /m ³	\$1.15 / m ³

Request Water Meter Reading

Request water meter reading	\$60.00	\$60.00
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Water Testing

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
This charge covers transport, testing and reporting on private water samples from Ōpōtiki by the laboratory in Whakatāne. Test covers bacterial compliance.	\$60.00	\$60.00

Land Transport

Temporary Road Closure Fees

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
Processing Fee	\$110.00	\$110.00
+ Advertising Costs If full road closure under Statutory requirements (Road closure), two advertisements are required If temporary road closure under Statutory requirements (Disruption to Traffic), one advertisement is required	\$160-\$220 per advertisement	\$160-\$220 per advertisement

Road Stopping Fees

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
+ Deposit fee: For contribution to initial evaluation – to accompany application.	\$950.00	\$950.00
+ Additional Fees: The actual and reasonable costs incurred by the Council will be charged for all applications. Therefore, a charge additional to the deposit fee may be made once the application has been determined. Actual and reasonable costs will also be charged for applications that are withdrawn.	Actual and reasonable costs	Actual and reasonable costs

Rapid Number Assessment

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
Assignment of Rapid Number (excludes number plates)	\$90.00	\$90.00

Solid Waste

Ōpōtiki District Resource Recovery Centers

(All charges include GST)

Household/ Domestic Waste	Green Waste	% Recyclable				Non Recycled
		100%	75%	50%	25%	
Cars	\$5.00	\$5.00	\$8.00	\$10.00	\$12.00	\$15.00
Ute, station wagon, van, small trailers (up to 1m3)	\$8.00	\$8.00	\$11.00	\$14.00	\$17.00	\$20.00
Large trailers (1m3 to 2m3)	\$16.00	\$16.00	\$22.00	\$28.00	\$34.00	\$40.00
Loads greater than 2m3 (per cubic metre charge)	\$10.00	\$10.00	\$25.00	\$40.00	\$55.00	\$70.00
Plastic Bags: (each)		Small - Less than 25 Litres \$2.00	Large - Up to 75 Litres \$3.00	Extra Large - over 75 Litres and wheelie bins \$5.00	Wool fadge \$20.00	
Commercial/Industrial/Business						Waste
Depending on ease of handling, price by negotiation, but generally \$70.00 per m3. For loads greater than 2m3, waste depositors may have to arrange for their own transport to landfill.						
Note: Council reserves the right to reject any commercial, business or industrial loads.						
Whiteware, TVs, PCs etc.	\$5.00 each					
Car bodies: Empty (no fuel or oil)	\$25.00 (car bodies are only accepted at the Opotiki RRC)					
Gas bottles	Up to 9.00 kg	\$5.00 empty		\$10.00 with gas		
	Over 9.00 kg	\$10.00 empty		\$20.00 with gas		
Tyres		Without rims		With rims		
	Car / Van	\$3.00		\$4.00		
	4x4 Ute or Truck	\$7.50		\$10.00		
	Tractor or Truck	\$11.00		\$15.00		
Waste definitions:						
Household / Domestic Waste	The amount of refuse that would normally be generated from a residential property up to a volume of 2m ³ load.					
Commercial / Industrial / Business Waste	Any load greater than 2m ³ in volume. Any waste generated from commercial, industrial or business activities, inclusive of forestry, orchard, farming and property rental activities.					
Green Waste	Vegetation and garden waste with tree limbs up to a maximum of 100mm in diameter.					

WE DO NOT ACCEPT:

Ōpōtiki

- * Asbestos * Explosives (including flares and bullets) * Soil * Hypodermic needles * Hot fire place embers
- * Vegetation other than household garden material and trees.

Te Kaha and Waihou Bay

As for Ōpōtiki above and also including :

- * External and internal wall and roof linings * Commercial quantities of timber framing/ building framing and materials * Lawn clippings * Agricultural chemicals and poisons.

N.B. These additional three categories of materials will be accepted if deposited at Ōpōtiki RRC.

Other

Copying and Access to Records

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
a) <u>Copying of Information, Photocopying and Printing</u>		
• A4 B/W	\$0.50	\$0.50
• A4 Colour (maximum 40% coverage)	\$1.50	\$1.50
• A3 B/W	\$1.00	\$1.00
• A3 Colour (maximum 40% coverage)	\$5.00	\$5.00
• A2 B/W	\$2.00	\$2.00
• A2 Colour (maximum 40% coverage)	\$10.00	\$10.00
• A1 B/W	\$4.00	\$4.00
b) <u>Published Documents</u>		
Fee fixed per document to include the cost of printing, postage and may include actual and reasonable costs in preparing the document. Search Fee (first 30 minutes free)	\$45.00 per hour	\$45.00 per hour

Hire of Chambers meeting room

Plus reasonable charges

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
Government/Other Council use – per hour		\$60.00 + GST
Full day		\$360.00 + GST

Access to Records & Subdivision Records

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
All charges minimum plus actual and reasonable costs		
Property file administration – Hard & Digital copies	\$5.00	\$5.00
Hard Copies – per page and size charges, per A4 equivalent	.50	.50
Digital Copies – 40% of per hard copy costs, per A4 equivalent	.20	.20
NB: Additional actual and reasonable charges, postage & media fees may apply		
YOUR REQUEST WILL GENERALLY BE PROCESSED WITHIN 24 HOURS HOWEVER PLEASE ALLOW BETWEEN 3-5 WORKING DAYS.		

Official Information Requests

(All charges include GST)

	Charges 1 July 2017	Charges 1 July 2018
Search Fee (first 1 hour free)	\$45.00 per hour	\$38.00 per half hour
Plus photocopying	Refer to charges under copying and access to records	20c per page in excess of 20 pages

REPORT

Date : 5 June 2018

To : Extra-Ordinary Council Meeting, 30 June 2018

From : Finance and Corporate Services Group Manager, Bevan Gray

Subject : **SETTING OF 2018-19 RATES, DUE DATES FOR PAYMENT, AND THE PENALTIES REGIME**

File ID : A137953

EXECUTIVE SUMMARY

With Council having adopted the 2018-28 Long Term Plan, Council has to set the rates, due dates for payment and penalties regime for the financial year from 1 July 2018 to 30 June 2019.

PURPOSE

The purpose of this report is to present the rates for the 2018-19 year for Council to set. Under section 23 of the Local Government (Rating) Act 2002 it is necessary to set the rates, due dates for payment, and penalties regime by Council resolution.

BACKGROUND

The various rates are set out in the Funding Impact Statement included in the 2018-28 Long Term Plan. The total rate requirement as forecast by the 2018-28 Long Term Plan for year 1 is \$10,607,020 (excluding GST) which is a 3.95% increase on last year.

The rates and charges are detailed exclusive of GST.

SIGNIFICANCE ASSESSMENT

Rate income represents the majority of Council's revenue and is therefore considered significant. The rate requirement for the 2018-19 financial year was established through the 2018-28 Long Term Plan and Revenue and Financing Policy process set in 2018-28 LTP which was subject to special consultative procedure under the Local Government Act 2002.

OPTIONS

There are no realistic alternative options. Council must set the rates for the 2018-2019 rating year based on the adopted 2018-2028 Long Term Plan. Rates should be set now to allow them to be assessed and invoiced in time according to the Council's usual timeframes which are recommended to be continued in the 2018-19 year.

CONSULTATION

The rate requirement for the 2018-19 financial year was established through the 2018-28 Long Term Plan and Revenue and Financing Policy process set in 2018-28 LTP which was subject to special consultative procedure under the Local Government Act.

RECOMMENDATIONS:

- 1. That the report titled "Setting of 2018-19 Rates, Due Dates for Payment, and the Penalties Regime" be received.**
- 2. That the Opotiki District Council, pursuant to the provisions of the Local Government (Rating) Act 2002, set the following rates for the period 1 July 2018 to 30 June 2019:**

1 GENERAL RATES

(a) General Rate

Pursuant to Section 13 of the Local Government (Rating) Act 2002, a general rate of 0.3481 cents in the Dollar of Capital Value on all rateable rating units in the Opotiki District.

Revenue Sought* *\$6,762,452

(b) Uniform Annual General Charge

Pursuant to Section 15 of the Local Government (Rating) Act 2002, a uniform annual general charge of \$416.58 on every rateable rating unit in the district.

Revenue Sought* *\$2,009,189

2 TARGETED RATES

(a) Water Supply Charges

Pursuant to Section 16 of the Local Government (Rating) Act 2002, a targeted rate for water supply shall be set within the following water supply areas as follows:

	Supply Name	
(i) A full charge for the ordinary supply of water in respect of each separately used or inhabited part of a rating unit to which water is supplied.	Opotiki/	249.43
	Hikutaia	
	Te Kaha	371.47
	Ohiwa	732.14
(ii) A half charge in respect of every rating unit to which water can be, but is not supplied, situated within 100m of any part of the waterworks.	Opotiki/	124.72
	Hikutaia	
	Te Kaha	185.74
	Ohiwa	366.07
<i>Revenue Sought:</i>	<i>Opotiki/</i>	<i>\$570,821</i>
	<i>Hikutaia</i>	
	<i>Te Kaha</i>	<i>\$132,389</i>
	<i>Ohiwa</i>	<i>\$15,741</i>

Pursuant to section 19 of the Local Government (Rating) Act 2002, a targeted rate for water supplied by meter is applied as well as the connection charge outlined above as follows:

Any property that is connected to one of the above water supplies where there is a water meter, the metered volumes of water used shall be charged at the following rates per cubic meter:	Opotiki	57 c/m ³
	Te Kaha	\$1.00 m ³
	Ohiwa	\$1.00 m ³
<i>Revenue Sought:</i>	<i>Opotiki</i>	<i>\$285,000</i>
	<i>Te Kaha</i>	<i>\$62,500</i>
	<i>Ohiwa</i>	<i>\$5,000</i>

(b) Sewerage Drainage Charges

Pursuant to Sections 16 of the Local Government (Rating) Act 2002, a targeted rate shall be set in each urban drainage area as follows:

	Scheme Name	2018/19
(i) One full charge in respect of every separately used or inhabited part of a rating unit connected to a public sewerage drain.	Opotiki	450.78
	Waihau Bay	438.43
(ii) Half of the full charge in respect of each rating unit to which sewer drainage can be, but is not connected, situated within 30m from any part of the public sewerage drain.	Opotiki	225.39
	Waihau Bay	219.22
(iii) 80% of the full charge in respect of every separate toilet pan, water closet, or urinal where there are multiple connections on one rating unit.	Opotiki	360.62

Note:

A residence of not more than one household shall be deemed to have not more than one water closet, toilet pan, or urinal.

<i>Revenue Sought</i>	<i>Opotiki</i>	<i>\$765,562</i>
	<i>Waihau Bay</i>	<i>\$11,180</i>

(c) **Waioeka Wastewater Extension**

Pursuant to Sections 16 of the Local Government (Rating) Act 2002, a targeted rate shall be set as a fixed amount per rating unit connected to the Waioeka Wastewater Extension of \$18,643.

<i>Revenue Sought:</i>	<i>Waioeka Extension</i>	<i>\$37,286</i>
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(d) Kerbside Refuse Collection Charge

Pursuant to Section 16 of the Local Government (Rating) Act 2002, a targeted rate for kerbside refuse collection within the defined Ōpōtiki Ward and Waiotahi/Waioeka Ward collection areas set as follows:

- (i) A full charge of \$119.53 per separately used or inhabited part of a rating unit (except those not used or inhabited within the defined Ward collection areas
- (ii) A half charge of \$59.77 per rating unit that is not used or inhabited within the defined Ward collection areas.

Revenue Sought **\$261,840**

(e) Communities of interest

Pursuant to Section 16 of the Local Government (Rating) Act 2002, a communities of interest targeted rate set as an amount per rating unit as follows:

- (i) Residential communities of interest
\$40.24 per rateable rating unit within the defined rating areas.

Revenue Sought **\$84,700**

- (i) Rural communities of interest
\$22.88per rateable rating unit within the defined rating areas.

Revenue Sought **\$57,206**

- (ii) Commercial/industrial communities of interest
\$748.39 per rateable rating unit in the district where land use is commercial or industrial.

Revenue Sought **\$161,653**

3 INSTALMENT DATES

That the Opotiki District Council resolves that all rates are payable in four equal instalments, due on or before:

- Instalment One : 24 August, 2018
- Instalment Two : 23 November, 2018

- Instalment Three : 22 February, 2019
- Instalment Four : 24 May, 2019

That the Ōpōtiki District Council resolve that all metered water charges are payable in six monthly instalments based on usage, due on or before:

- Instalment One : 19 December, 2018
- Instalment Two : 19 June, 2019

4 ADDITIONAL CHARGES ON UNPAID RATES

That the Opotiki District Council authorise the addition of penalties to unpaid rates in accordance with the following regime:

Under the provisions of Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% will be added to the amount of the first instalment of rates remaining unpaid after the due date, on 31 August, 2018; of the second instalment of rates remaining unpaid after the due date, on 30 November, 2018; of the third instalment of rates remaining unpaid after the due date, on 28 February, 2019; and of the fourth instalment of rates remaining unpaid after the due date, on 31 May, 2019.

5 GOODS AND SERVICES TAX

The rates stated above are exclusive of goods and services tax payable. GST should be applied at the current rate of 15% to rates payable on invoices and to any voluntary prepayments made.

Bevan Gray

FINANCE AND CORPORATE SERVICES GROUP MANAGER

REPORT

Date : 26 June, 2018

To : Extra Ordinary Council Meeting, 30 June 2018

From : Engineering and Services Group Manager, Ari Erickson

Subject : **ADOPTION OF WASTE MANAGEMENT AND MINIMISATION PLAN 2018**

File ID : A139619

EXECUTIVE SUMMARY

Under section 44 of the Waste Minimisation Act 2008 Council must prepare and adopt a Waste Management and Minimisation Plan (WMMP). The WMMP must be reviewed every six years as a statutory minimum. Council must use the special consultative procedure in adopting the WMMP. The 2018 WMMP has been reviewed following Council's deliberations arising from consultation and submissions and is presented for adoption.

PURPOSE

To have Council adopt the 2018 Waste Management and Minimisation Plan.

BACKGROUND

The Waste Minimisation Act 2008 requires Council to prepare and adopt a Waste Management and Minimisation Plan (WMMP) every six years. The WMMP was adopted for consultation at an Ordinary Council meeting on 24 April 2018. Opening of the consultation period was advertised in the Opōtiki News, on the Council's website and Facebook page and on Radio 1XX. Submissions closed on Friday, 25 May 2018, with five submissions received. These were considered by Council at the Extra Ordinary meeting held on 12 June 2018 and the WMMP has now been reviewed in line with Council's deliberations arising from consultation and submissions.

WASTE MANAGEMENT AND MINIMISATION PLAN

Included with this agenda is a copy of the Waste Management and Minimisation Plan (WMMP). The WMMP was prepared in accordance with the Waste Minimisation Act 2008. Section 44 of the Act requires Council to prepare and adopt a WMMP that sets out the objectives, policies and methods for achieving effective and efficient waste minimization within the district. The Draft Plan was subject to the special consultative procedure under the Local Government Act which sought submissions to it.

The 2018 Plan compiled a broad range of information on the nature of waste in the district, the issues and gaps in data. It discussed further plans and actions to deliver ongoing improvement of waste management delivery, principles and stewardship across the district.

Five submissions were received, the majority of which sought consideration of services to rate payers and users outside the township including rural individuals, tourists and coastal and Marae communities. A number of submissions also recommended Council consider further service types, including composting, green waste and food collection. Submissions also supported the plans and actions already discussed within the WMMP and requested Council adopts its goals, objectives and timeframes.

The Plan was believed to encapsulate all the points made via submissions within its proposed actions to carry out further investigation and development. No amendments were made to the Plan.

SIGNIFICANCE ASSESSMENT

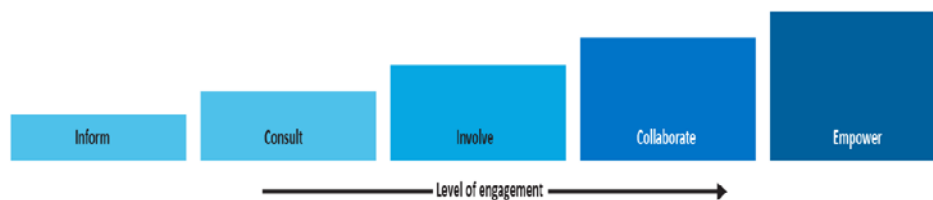
Under Council's Significance and Engagement Policy, on every issue requiring a decision, Council considers the degree of significance and the corresponding level of engagement required. The level of Significance for receiving the Adoption of Waste Management and Minimisation Plan 2018 report is considered to be low as determined by the criteria set out in Section 12 of the Significance and Engagement Policy.

The decisions or matters of this report are however the culmination of the process to arrive at a decision that is significant in accordance with Section 2 of the Significance and Engagement Policy. This states that a matter shall be determined to be significant when Council is developing or adopting a Long Term Plan. As a significant decision or matter, the Council must apply greater diligence in regards to the decision making requirements of the Local Government Act 2002 Section 76-82. This includes, but is not limited to, the degree to which different options are identified and assessed and the extent to which community views are considered, including whether consultation is required.

This report is the culmination of the submissions received from the public regarding the 2018 WMMP consultation process, which was significant and involved consultation with public. Adoption of the WMMP is considered significant in that it must go through the special consultative procedure before being adopted. This process has been undertaken.

Assessment of Engagement Requirements

As the level of significance for receiving the Adoption of Waste Management and Minimisation Plan 2018 report is considered to be low the level of engagement required is determined to be at the level of inform according to Schedule 2 of the Significance and Engagement Policy.



COMMUNITY INPUT AND PUBLICITY

The consultation process with the public involved a 4 week period from 25 April 2018 to 25 May 2018 where the Waste Management and Minimisation Plan and Waste Assessment was made available to the public for review and submission.

The WMMP and Waste Assessment are detailed planning documents based around Council’s vision and goals and national legislation. It provides in depth data, assumptions and driving rationale and discusses improvement plans and actions in the delivery of effective waste management for the next six years.

Submissions were received via an online submission form provided on the Council website. Council also received a number of written submissions where further space was required by the submitter for making their submission.

CONSIDERATIONS

Financial/Budget Considerations

This report recommends adoption of the Waste Management and Minimisation Plan 2018 subsequent to receipt of public submissions and deliberations by Council. Amendments have been made to proposed budgets in the 2018 Long Term Plan in line with deliberations on Issue 2 of the LTP

Consultation Document to change the way kerb-side collection of refuse and recycling is delivered. No amendments have been made to proposed budgets surrounding actions proposed within the WMMP.

Policy and Planning Implications

No amendments to policy have been made surrounding actions proposed within the WMMP.

RECOMMENDATIONS:

- 1. That the report titled "Adoption Waste Management and Minimisation Plan 2018" be received.**
- 2. That Council adopts the Waste Management and Minimisation Plan 2018.**

Ari Erickson

ENGINEERING AND SERVICES GROUP MANAGER

REPORT

Date : 26 June 2018

To : Extra Ordinary Council Meeting, 2 July 2018

From : Finance and Corporate Services Group Manager, Bevan Gray

Subject : AMENDMENTS TO OPOTIKI DISTRICT COUNCIL PROCUREMENT POLICY

File ID : A139603

EXECUTIVE SUMMARY

Council's Procurement Policy was developed and adopted on 24 June 2014. As a result of legislation changes in the health and safety area and with recent NZTA audit requests to align Council's procurement policies with their policy, minor amendments have been proposed to the ODC Procurement Policy.

PURPOSE

The purpose of this report is to update Council on changing legislative and internal policies which require to be aligned with the Procurement Policy.

BACKGROUND

NZTA

Glen McGregor on behalf of NZTA completed an Investment Audit from 15 – 18 May 2017. A final NZ Transport Agency Investment Audit Report was concluded in September 2017. (See Appendix 1.) The report had a number of recommendations to identify where some improvement was needed which included updating the ODC Procurement Strategy (Policy).

The changes required were itemised under their findings in Item 3 “Has Opotiki District Council acted in accordance with its endorsed procurement strategy and the NZ Transport Agency’s procurement requirements?”

Their recommendations were to

- a) Ensure that the (ODC) late tender policy in its contract documents is consistent with its Procurement Policy
- b) Corrects the wording in its contract documents for Qualified Proposal Evaluators (already changed from 30/6/2017)
- c) Confirms that it has amended the Procurement Strategy to include how it will procure professional services, which of those services are to be procured in-house and the rationale for the decision and seek endorsement for the amended policy from the Transport Agency.

The outcome to the recommendations have been included in an update of the ODC Procurement Policy 2014 (see attached Appendix 2 including tracked changes). Changes include

- a) The Procurement Policy will stay the same. Individual contract documents need to be consistent with this policy.
- b) Changes made – see under 5.21 Tender Evaluation. *Evaluation of submissions shall be carried out by a Tender Evaluation Team (TET), whose members shall be nominated by Council For NZTA tenders that exceed \$200,000 at least one member of the Tender Evaluation Team is to be a Qualified Proposal Evaluator (QPE). This is consistent with Section 10.19 of the NZTA Procurement Manual.*
- c) Changes made – see under 5.1 Procurement Options after further review of exact requirements with the auditor. *Maintain an inhouse professional services unit for routine roading repairs and maintenance. Where additional professional services are required for renewals of major structures, bridge inspections and other significant asset management, including RAMM, these will be procured using this policy due to the economies of scale achieved by local management but with the availability of specialised professional roading advice where required.*

Health and Safety.

Changes have been made under the Health and Safety at Work Act 2015. These changes substantially increase the responsibility of both employers and employees to improve work place safety.

Changes are now proposed in the Procurement Policy in four separate sections.

Section 5.0 (3) Policy. Health and Safety legislation, *and internal policy and procedures*; and

Section 5.1. Procurement Options. *Ensure its procurement processes meet all relevant legislative requirements, including the Health and Safety at Work Act 2015.*

Section 5.6. Risk Management. *Council requires that every tenderer will need to be appropriately qualified for Health and Safety. Opotiki District Council Local Government pre-qualification external agency, SHE. Successful contractors must be approved by SHE prior to any contract being awarded.*

5.13. Reason to Exclude Supplier. *An unsatisfactory health and safety performance record that may include previous convictions with the prosecutor Worksafe, and its predecessors, MBIE, or Department of Labour.*

DISCUSSION AND OPTIONS SECTIONS

NZTA

The requests for changes by NZTA are relatively minor and in most cases document current practice. By considering these requests Council will be able to maintain a partnership with NZTA who provide a 75% roading subsidy, increasing from 54% as of 1 July 2018.

Health and Safety

The Health and Safety at Work Act 2015 is binding on Council and other employers. Not updating the Procurement Policy to the current legislation could expose the Council to risk. The changes are important and document current practice.

SIGNIFICANCE ASSESSMENT

Assessment of significance

Under Council’s Significance and Engagement Policy, on every issue requiring a decision, Council considers the degree of significance and the corresponding level of engagement required. The level of Significance for Amendments to Ōpōtiki District Council Procurement Policy is considered to be low as determined by the criteria set out in section 12 of the Significance and Engagement Policy.

Assessment of engagement requirements

As the level of significance for Amendments to Ōpōtiki District Council Procurement Policy is considered to be low the level of engagement required is determined to be at the level of inform according to Schedule 2 of the Significance and Engagement Policy.



COMMUNITY INPUT AND PUBLICITY

No community engagement is required to review and alter Council’s procurement Policy. This is an internal policy and the changes required are to update the policy for current legislation and NZTA procurement requirements.

NZTA will be advised if the policy is updated.

Contractors are already aware of their responsibilities under Health and Safety and their requirement to be SHE approved to undertake Council contracts.

CONSIDERATIONS

Financial/budget considerations

There are no financial implications in confirming the changes which are current practice.

Policy and planning implications

The policy changes are highlighted in the report. They are consistent with existing policies.

The management team have reviewed the changes and will need to advise staff involved with procurement of updated Policy.

Risks

The changes to the Policy avert risk, both in the financial and Health and Safety areas.

There are no major risks associated with the decisions or matters.

Authority

The authority to amend the Procurement Policy is with Council under the Council Delegations register.

RECOMMENDATIONS:

- 1. That the report titled "Amendment to Ōpōtiki District Council Procurement Policy" be received.**
- 2. That the NZTA requested changes to Section 5.1 Procurement Options and 5.21 Tender Evaluation be adopted.**
- 3. That the Health and Safety at Work Act 2015 changes to Section 5.0 (3), Section 5.1. Procurement Options, 5.6. Risk Management and 5.13. Reasons to Exclude Supplier be adopted.**

Bevan Gray

FINANCE AND CORPORATE GROUP MANAGER

Appendix 1. NZ Transport Agency Investment Audit

Appendix 2. Ōpōtiki District Council Procurement Policy (with amendments)

Appendix 1 – NZ Transport Agency Investment Audit

September 2017

NZ TRANSPORT AGENCY INVESTMENT AUDIT REPORT

Monitoring Investment Performance

Report of the investment audit carried out under section 95(1)(e)(ii) of the Land Transport Management Act 2003.

Approved Organisation (AO):	Opotiki District Council
NZ Transport Agency Investment (2015 - 2018 NLTP)	\$4,928,374 (budgeted programme value)
Date of investment audit:	15-18 May 2017
Investment Auditor:	Glenn McGregor
Report No:	IAGMI -1660

OBJECTIVE

The objective of this audit is to provide assurance that the New Zealand Transport Agency's investment in Opotiki District Council's land transport programme is being well managed and delivering value for money. We also sought assurance that the Council is appropriately managing risk associated with the Transport Agency's investment. We recommend improvements where appropriate (for audit programme refer appendix A).

EXECUTIVE SUMMARY

Opotiki District Council needs to improve its internal processes for financial claims to the Transport Agency and the documentation of contract management activities.

It was not possible to accurately reconcile Council's claims to the Transport Agency for funding assistance against Council's general ledger records. However it was possible to establish that there was enough overall qualifying expenditure to satisfy the claims. Council acknowledges this and is implementing processes to address the issue.

Council has generally good processes in place to ensure compliance with the Transport Agency's procurement procedures but some improvement is needed. Wording in Council's tender documents do need amending relating to the use of Qualified Proposal Evaluators and its late tender policy. The procurement strategy also needs updating. Opotiki DC needs to further improve its documenting of agreed contract management actions and outcomes.

DISCLAIMER

While every effort has been made to ensure the accuracy of this report, the findings, opinions, and recommendations are based on an examination of a sample only and may not address all issues existing at the time of the audit. The report is made available strictly on the basis that anyone relying on it does so at their own risk, therefore readers are advised to seek advice on specific content.

RISK ASSESSMENT

	Issue	Risk Assessment*
Q.1	Previous audit issues	Some improvement needed
Q.2	Financial management	Significant improvement needed
Q.3	Procurement	Some improvement needed
Q.4	Contract management	Some improvement needed
Q.5	Professional services	Effective

* Key to risk assessment – refer appendix C

RECOMMENDATIONS SUMMARY

That Opotiki District Council:

	Recommendation	Implementation target date
Q.2	Reconciles its general ledger against its claims to the Transport Agency for the financial years ending 30 June 2014, 2015 and 2016.	15/9/17
Q.2	Biannually reviews its retentions account.	30/6/17
Q.3	Ensures that the late tender policy in its contract documents is consistent with its Procurement Strategy.	NA
Q.3	Corrects the wording in its contract documents for Qualified Proposal Evaluators.	30/6/17
Q.3	Confirms it has amended its procurement strategy to include how it will procure professional services, which of those services are to be procured in-house and the rationale for the decision and seek endorsement for the amended policy from the Transport Agency.	30/6/18
Q.4	Improves its contract management documentation to reflect actions agreed and undertaken.	30/6/17

Note: Before being finalised this report was referred to Opotiki District Council for comment. Council's responses are included in the report.

FINDINGS

Question 1:	What issues, if any, remain unresolved from the previous procedural audit?	
Findings	There were four recommendations resulting from the December 2013 investment audit. They related to a small over claim, the lack of a Qualified Proposal Evaluator, a tender evaluation error and the lack of contract management documentation. The first three have been addressed and the latter partially addressed (see question 4).	
Opotiki DC response	See below	

* * *

Question 2:	Does the Opotiki District Council have good financial systems in place to effectively manage the NZ Transport Agency's investment in the delivery of its land transport programme?	
Findings	<p>It was not possible to accurately reconcile Council's claims to the Transport Agency for funding assistance against Council's general ledger records for the three financial years ending 30 June 2016. However it was possible to establish that there was enough overall qualifying expenditure to satisfy the claims.</p> <p>The reasons for this problem relate to the way claims are prepared and submitted to the Transport Agency. Current practice is for the Engineering and Services Group to prepare the claims based on the general ledger plus other expenditure known to the Group (such as administration overheads) not accounted for in the general ledger. Engineering and Services then submit the claim. However claims have not been regularly reconciled to the general ledger.</p> <p>We suggest that a better practice is for Council's Finance and Corporate Services Group to prepare the claim based on the general ledger and have the claim approved by Engineering Services before submission to the Transport Agency. The claim should always be reconciled to the general ledger before submission.</p> <p>Council acknowledges this and is putting in processes to address the issue.</p> <p>The retentions account is well managed but would be enhanced by biannual reviews of the account to check for out of date or large retentions.</p>	
Recommendations	That Opotiki District Council:	

	<p>a) reconciles its general ledger against its claims to the Transport Agency for the financial years ending 30 June 2014, 2015 and 2016 and;</p> <p>b) biannually reviews its retentions account.</p>
Suggestion	That the Opotiki District Council asks its Finance and Corporate Services Group to prepare its claims to the Transport Agency for financial assistance, seek the Engineering Services Group's endorsement for each claim and reconciles these claims with its general ledger before submitting them to the Transport Agency.
Opotiki DC response	<p>Prior years reconciliations performed and summarised. Retentions account procedure implemented to reconcile quarterly.</p> <p>Claims to the Transport Agency prepared and submitted by Finance staff from the general ledger on a monthly basis.</p>

* * *

Question 3	Has Opotiki District Council acted in accordance with its endorsed procurement strategy and the NZ Transport Agency's procurement requirements?	
Findings	<p>Seven physical works contracts, including the key road maintenance contract, were examined for compliance with the Transport Agency's procurement requirements and Council's Procurement Strategy. One professional services contract was also reviewed. All contracts reviewed complied, with the following exceptions:</p> <ul style="list-style-type: none"> All seven physical works Requests for Proposals examined stated that no late tenders would be accepted under any circumstances whereas Council's late tender policy, as described in its Procurement Strategy, states that Council reserves the right to extend the period allowed for the submission of the tender, at its sole discretion. Wording in requests for tender documents needs to be corrected relating to the use of a Qualified Proposal Evaluator (QPE). It currently states that the preferred tender must be peer reviewed by an independent NZ Transport Agency assessor. This is not so. The Transport Agency requires through its Procurement Manual section 10.19, that for all contracts with an estimated value exceeding \$200,000 at least one member of the proposal evaluation team hold the QPE qualification. There is no requirement for this person to be independent of Council. <p>A review of Council's endorsed Procurement Strategy found that it does not address how professional services are to be procured or which professional services are to be obtained in-house or the rationale for the decision. Council needs to amend its procurement strategy to address how professional services are to be procured, which professional services are to be obtained in-house and the rationale for the decision. Once these conditions have been met, Council needs to</p>	

	seek further endorsement for the changes to its Procurement Strategy from the Transport Agency.
Recommendations	<p>That Opotiki District Council:</p> <ul style="list-style-type: none"> a) Ensures that the late tender policy in its contract documents is consistent with its Procurement Policy; b) Corrects the wording in its contract documents for Qualified Proposal Evaluators; c) Confirms it has amended its Procurement Strategy to include how it will procure professional services, which of those services are to be procured in-house and the rationale for the decision and seek endorsement for the amended policy from the Transport Agency.
Opotiki DC response	<ul style="list-style-type: none"> a) The late tender policy in ODC contract documents is consistent with the Procurement Policy; Contract documents do not allow late tenders. The Policy allows Council to extend the period allowed for the submission of the tender, at its sole discretion. Any late tender in respect of which Council chooses not to exercise its discretion shall be returned to the supplier unopened. b) Wording in all the new contract documents has been corrected to read “Qualified Proposal Evaluators” since 30/06/2017. c) Council is currently reviewing its Procurement Policy to include how it will procure professional services in all areas. This will include which of these services will be procured in-house. The rationale for the decision and seeking endorsement of the amended policy will be checked with the NZ Transport Agency.
Auditor’s response	<p>In reference to recommendation (a), Council’s late tender statement in its Requests for Proposal “Tenders not submitted by the due time will not be accepted <u>under any circumstances</u>” appears not to reflect Opotiki DC’s Procurement Policy, section 5.20 Handling of late tenders “Tenders (including RFP Proposals, EIOs, etc.) shall be delivered to the place for closing before the closing time. If the tender arrives after the latest date and time required for submission, it may be considered as invalid. <u>However, Council shall reserve the right to extend the period allowed for submission of the tender, at its sole discretion.</u> Any late tender in respect of which Council chooses not to exercise its discretion shall be returned to the supplier unopened”.</p> <p>To avoid any confusion many councils include the reference to their right to accept late tenders under special circumstances at their sole discretion in their Requests for Proposals.</p>

* * *

Question 4	Has Opotiki District Council contract management practices in place to ensure contracts are managed effectively?	
Findings	<p>Contract management records have improved since the last investment audit in December 2013 but could still be improved by documenting:</p> <ul style="list-style-type: none"> • Areas covered by the monthly joint road inspections with Council’s roading contractor. • The findings and agreed actions from those inspections. • Agreed actions and timing for implementation resulting from the formal monthly contractor meetings. <p>Council delivers a small minor improvements programme that has been agreed with the Transport Agency. Projects are typically of a value less than \$50,000.</p> <p>Council has a multiparty agreement with Whakatane District Council (January 2005) for the maintenance of Wainui Road, a shared boundary road. All other boundary roads are with the state highway.</p>	
Recommendation	That Opotiki District Council improves its contract management documentation to reflect actions agreed and undertaken.	
Opotiki DC response	Opotiki District Council will further improve its contract management documentation to reflect actions agreed and undertaken.	

* * *

Question 5	Are Opotiki District Council’s professional services providing value for money?	
Findings	<p>All professional services to which the Transport Agency provides a funding contribution are outsourced to Opus International. Council believes it is getting good value from this provider.</p> <p>Currently no in-house professional services are being charged to the Transport Agency. Council intends to start doing so for the 2018–2021 National Land Transport Programme. Agreement has been reached with the Transport Agency as to what overheads would be applied to these services.</p>	
Opotiki DC response	Agreed.	

Audit Programme

1. Previous audit December 2013
2. Land Transport Disbursement Account
3. Final Claims for 2013/14, 2014/15, and 2015/16
4. Transactions (accounts payable) – 2015/16
5. Retentions Account
6. Procurement Procedures
7. Contract Management & Administration
8. Contract Variations
9. Professional Services
10. Transport Investment On-line (TIO) Reporting
11. Other issues that may be raised during the audit
12. Close out meeting

APPENDIX B

(From Question 3)

CONTRACTS AUDITED

Contract Number	Tenders Received	Date Let	Description	Contractor		
			Physical Works			
84	4	Aug 2014	Roading maintenance management and engineering works 2014-17	Delta Contracting	Estimate Let Price Final Cost	\$4,687,321 \$4,299,364 Ongoing
110	4	Feb 2016	Sealing 2015/16	HEB Construction	Estimate Let Price Final Cost	\$269,481 \$223,007 \$301,187
116	2	Apr 2016	Pakihi Bridge No.30 replacement 2016	Concrete Structures	Estimate Let Price Final Cost	\$782,375 \$950,871 \$955,599
130	2	Jan 2017	Rural road rehabilitation – upgrade to Hukutaia Rd (560M)	Delta Contracting	Estimate Let Price Final Cost	\$65,000 \$81,991 \$65,163
132	2	Nov 2016	Urban street upgrade 2016/17 – Potts Ave (King to Elliot streets)	Delta Contracting	Estimate Let Price Final Cost	\$121,802 \$136,156 \$140,537
133	3	Nov 2016	Sealing 2016/17	Fulton Hogan	Estimate Let Price Final Cost	\$429,719 \$363,205 \$294,428
138	1	Jan 2017	Ngarue Rd Bridge replacement (Bridge No.17)	Waiotahi Contractors	Estimate Let Price Final Cost	\$129,000 \$128,644 \$108,686
			Professional Services			
N/A	1	Oct 2015	RAMM services and asset management support	Opus	Estimate Let Price Final Cost	As required Small contract


AUDIT RATING TABLE

Rating	Definition
<p>Effective</p>	<p>Investment management – effective systems, processes and management practices used.</p> <p>Compliance – Transport Agency and legislative requirements met.</p> <p>Findings/deficiencies – opportunities for improvement may be identified for consideration.</p>
<p>Some improvement needed</p>	<p>Investment management – acceptable systems, processes and management practices but opportunities for improvement.</p> <p>Compliance – some omissions with Transport Agency requirements. No known breaches of legislative requirements.</p> <p>Findings/deficiencies - error and omission issues identified which need to be addressed</p>
<p>Significant improvement needed</p>	<p>Investment management – systems, processes and management practices require improvement.</p> <p>Compliance – significant breaches of Transport Agency and/or legislative requirements.</p> <p>Findings/deficiencies – issues and/or breaches must be addressed or on-going Transport Agency funding may be at risk.</p>
<p>Unsatisfactory</p>	<p>Investment management – inadequate systems, processes and management practices.</p> <p>Compliance – multiple and/or serious breaches of Transport Agency or legislative requirements.</p> <p>Findings/deficiencies – systemic and/or serious issues must be urgently addressed or on-going Transport Agency funding will be at risk.</p>

June 2017

Investment Audit of Opotiki District Council


Report Number: IAGMI –1660

Prepared by: 

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Appendix 2 – Ōpōtiki District Council Procurement Policy (with amendments).

 <p>Opotiki District Council STRONG COMMUNITY STRONG FUTURE</p>	Policy	Procurement Policy	A73366
Approved Meeting	Extra Ordinary Council Meeting	Date	24 June 2014

OPOTIKI DISTRICT COUNCIL PROCUREMENT POLICY



MARCH 2014

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1 POLICY OBJECTIVES

The objectives of the Opotiki District Council Procurement Policy (the Policy) are to provide clear direction in relation to the purchasing of goods and services and to establish a framework that:

- Promotes partnerships with public, private and not-for-profit organisations to ensure best whole-of-life value procurement outcomes;
- Meets the broad principles and expectations of the Office of the Auditor-General's "Procurement Guidance for Public Entities";
- Fulfils the recommendations of any Audit New Zealand reports to Council;
- Meets the requirements of New Zealand Transport Agency's "Procurement Manual" for those contracts funded through the National Land Transport Programme;
- Is in general accordance with the Ministry of Business, Innovation and Employment (MBIE) principles set forth in the "Government Rules of Sourcing" ("the Rules");
- Ensures that the procurement process meets the requirements of good management practice and that it is completed in an open and transparent manner;
- Provides guidance as to the circumstances that should be considered when choosing not to subject a contract to a tender process;
- Appropriately manages risk.

2 PRINCIPLES

- Council has a responsibility to manage its resources in an effective and efficient manner;
- Council may procure goods, works and services for the community as sole-procurer, or it may procure goods, works and services for the community in conjunction with others;
- Council will comply with all relevant legislation when it procures goods, works or services;
- Council will ensure probity requirements are maintained, ensuring transparent procurement activities and record keeping;
- In many cases a competitive procurement process is likely to result in a better procurement outcome for Council than one that is not competitive.

3 DEFINITIONS

The following definitions are based on those contained in the Glossary of the Office of the Auditor-General's (OAG) Procurement Guidance. While not all of the following terms may appear elsewhere in the text of this Procurement Policy statement, it is important nonetheless that they be understood as being common to the procurement process:

Approving authority is the person or persons responsible for approving different types and levels of procurement.

Best value (also known as **Value for money**) means the best possible outcome for the whole of life costs, to meet the community's requirements. Best value does not necessarily mean selecting the lowest price. Rather, it means achieving the right quality, quantity and cost at the right time and place, and for the right reasons.

Cluster refers to a group of public sector entities that collaborate before going to the market and approaching the market collectively (that is, they aggregate their requirements). This arrangement is used in syndicated procurement (definition below).

Commercial in confidence (CIC) is a description applied to confidential information provided for a specific purpose that is not to be used for any other purpose.

Common use provision (CUP) clause is a clause included in procurement and contract documents to enable eligible public entities to join the contract during its term. The clause is used in syndicated procurement arrangements.

Contract value means the sum named in the contract documents as payable for the completion of the contract subject to such adjustments as are provided for in the contract documents.

Council means the Opotiki District Council (ODC).

Expression of interest (EOI) is similar to a registration of interest (ROI) in that it is used to identify suppliers interested in, and capable of, delivering the required goods or services. Potential suppliers are asked to provide information on their capability to do the work. It is usually the first stage of a multi-stage tender process.

Market, in the context of this Policy, means the sellers of a good or service who are potentially available as suppliers to a public entity.

Panel contracts are a contractual arrangement with a group of suppliers to provide goods or services as and when required, under a schedule of rates for each supplier or on a quotation basis.

Partnership is an arrangement or agreement between two or more partners where the risks and rewards related to the project are shared between the partners. A Council organisation is specifically excluded from the definition of partnership as applied in this policy.

Private Sector is the part of the country's economy that consists of privately owned enterprises.

Procurement covers the process of acquisition of goods, works and services from third parties. There are no dollar limits (either minimum or maximum) on the definition of procurement as it applies in this Policy. Procurement does not include the making of grants or investments in community development.

Project is any series of activities, other than routine processes or operational tasks, which possess all of the following characteristics:

- Has a specified objective to be completed within certain specifications, and
- Has defined start and finish dates, and
- Utilises resources (money and/or people and/or equipment).

Public entity and **entity** have the same meaning as in section 5 of the Public Audit Act 2001. This includes schools, State-owned enterprises, government departments, Crown entities, and local authorities, as well as any subsidiary or other controlled entity of the principal entity.

Public sector means, collectively, all public entities in central and local government.

Public/Private Partnership (PPP) for the purpose of this Policy, a PPP is an arrangement between a public sector entity or entities (including Council) and a private sector entity or entities for the purpose of jointly or co-operatively undertaking a project for mutual benefit.

Registration of interest (ROI) is similar to an expression of interest (EOI) in that it is used to identify suppliers interested in, and capable of, delivering the required goods, works or services. Potential suppliers are asked to provide information on their capability to provide the goods, works or services. It is usually the first stage of a multi-stage tender process.

Request for information (RFI) is a formal request for information to gain a more detailed understanding of the supplier market and the range of solutions and technologies that may be available.

Request for proposal (RFP) is a formal means of seeking proposals from the market for goods, works or services where the public entity is open to supplier innovation – that is, where the outputs and outcomes are important, rather than the process the supplier follows to deliver them.

Request for quotation (RFQ) is a formal means of seeking quotations from the market for goods or services where price is the main selection criterion, the requirement is for “stock standard” or “off the shelf” goods, works or services, and the procurement is low risk.

Request for tender (RFT) is a formal means of seeking tenders from the market to provide goods, works or services where the public entity’s specification or requirements are clearly defined and there is little room for flexibility or innovation.

Staff means all members, trustees, office holders, managers, and employees of a public entity.

Syndicated procurement involves groups of public entities aggregating their procurement requirements to achieve improved outcomes through greater purchasing power and reduced procurement costs. The two most widely used syndicated procurement models are the 'common use provision' (CUP) and 'cluster'. Syndicated procurement is not limited to other local authorities only.

Sustainability refers to meeting the needs of today, without adversely affecting the needs of tomorrow. In a business sense, the key messages of sustainability tie in with what are considered sound business practices, such as building efficiency, minimising waste, and maximising resources.

Tender Process means an appropriate tender process for the contract being tendered. It commonly includes a Request for Tender (RFT) but does not include an Expression of Interest (EOI) or a Request for Interest (RFI) process. An EOI and an RFI may be used to gather information in the supplier selection process but do not qualify as an appropriate tender process for the purposes of this Policy. A Request for Proposal (RFP) may qualify as a tender process if a price is supplied as part of the RFP. Guidance as to appropriate tender processes is provided in Council's Procurement Guidelines.

Thresholds for the purposes of this policy are defined as:

- Tender Threshold \$50,000 (excluding GST)
- Written Competitive Prices \$15,000 - \$49,999(excluding GST)
- Written or Verbal (Documented) Quotations \$5,000 - \$14,999 (excluding GST)

Whole of Life Costs of a procurement option may include any or all of the following:

- One-off costs, such as the purchase or contract price
- On-going costs, such as maintenance and administration costs
- Asset ownership costs, such as debt servicing and depreciation
- Opportunity costs; and
- Non-financial costs, such as environmental or social costs.

4 BACKGROUND

4.1 Council Procurement

Each year, Council procures millions of dollars of goods, works and services from third party suppliers on behalf of the community. The way that goods, works and services are procured on behalf of the community has a bearing on the value that the community and various stakeholders receive from Council.

The Local Government Act 2002 requires all councils to provide good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective, efficient, effective and appropriate for households and businesses. Procurement is one of the many processes by which a local authority delivers on this requirement.

4.2 The Legislative Context

The principal legislative guidance for procurement is based on Section 10 of the Local Government Act 2002 (LGA) amended 2012.

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The purpose statement is:

“To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;

and “good quality” is defined as:

- (a) Efficient; and
- (b) Effective; and
- (c) Appropriate to present and anticipated future circumstances

Council seeks to achieve ‘best value’ over the lifecycle of goods, services or infrastructure. Council considers that there are four elements to best value which are:

1. Quality and suitability of the service;
2. Long-term implications;
3. Wider outcomes for society;
4. The cost (both short and long term).

By achieving best value Council considers that it will meet legislative requirements and will be effective, efficient and appropriate for households and businesses, and will meet the need to be appropriate for current and future generations.

There is further legislative guidance for procurement in section 14 (1) (h) of the LGA 2002 which states that:

“In performing its role, a local authority must act in accordance with the following principles:

- in taking a sustainable development approach, a local authority should take into account—

- (i) The social, economic, and cultural interests of people and communities; and
- (ii) The need to maintain and enhance the quality of the environment; and
- (iii) The reasonably foreseeable needs of future generations”.

4.3 What to Procure

All the options that are available to Council to procure goods, works and services shall be considered at the concept or business case stages. Normally at the business case stage, the range of procurement options will be identified, and the costs and benefits assessed.

A business case shall be prepared for all goods, works or services over \$50,000. Business cases for projects less than \$50,000 should be considered where there is a high risk assigned to the project. (e.g. OAG Quadrant 3 - Low value and high risk projects as in Appendix 2.)

This Policy assumes that Council (with the involvement of partners where applicable) has already decided what needs to be procured, at least in concept. What to procure is usually decided through Council’s planning tools such as the Annual Plan, the Long Term Plan and Council resolutions. This Policy is intended to describe how to procure.

4.4 Procurement Procedure

This Policy outlines the principles that Council will adhere to in all procurement activity it undertakes. The procedural aspects of procurement are provided in Council's Guidelines.

However, a requirement of this Policy is that a business case be prepared and submitted to the Tenders sub-Committee and approval gained prior to a tender process commencing. The Council's Guidelines will outline when a business case needs to be prepared and give guidance on what the business case should contain. (The OAG Procurement Guidelines, Appendix 2, S.3.19, contain a list of items every business case should, as a minimum, include.)

The primary objective of business cases is to enable better-informed decisions on public investments so they are well-placed to deliver the intended benefits for Council, while managing the risks and costs.

The secondary objectives are to reduce the internal and external costs of developing business cases and improve the efficiency of the business case process, both in production and review, and to conform to recognised good practice.

A further requirement of this Policy is that a procurement plan be prepared for the procurement of higher value and higher risk goods, works or services. The Council's Guidelines will outline when a procurement plan is necessary and give guidance on the expected contents of the plan. (The OAG Procurement Guidelines, Appendix 2, S.3.36, contain a list of items a procurement plan may include.)

4.5 Types of Procurement

There are many different types of procurement including, but not limited to, the following:

- Council is the sole procurer;
- Council works with a public, private or not-for-profit partner or partners to procure (for public/private partnerships refer to Council's Policy on Partnerships with the Private Sector);
- Council has no involvement or only a minor involvement in the procurement.

5 POLICY STATEMENT

Council will only be involved in the procurement of goods, works or services where;

- 1) Budget provision for those goods, works or services has been made, either through the Long Term Plan, Annual Plan, or
- 2) By specific resolution, or
- 3) Under delegated financial authority.

Council procurement decisions will have regard to other Council policies, including but not restricted to those relating to:

- Health and Safety [legislation, and internal policy and procedures](#); and
- Environmental, social, cultural and economic sustainability issues.

Council procurement decisions will have regard to Council's relationships with other parties able to be involved in, or invest in, the procurement decision.

The provisions of this Policy, including the financial thresholds, apply to:

- Individual contracts; and
- A series of individual works which are capable of consolidation into one or more contracts; and
- A variation to an existing contract that significantly changes the scope of the goods/ works/ services procured under the original contract and that affects the contract value.

For all NZTA funded projects, the following actions shall be carried out in accordance with the NZTA Procurement Manual:

- NZTA audit recommendations related to procurement shall be implemented;
- All relevant contract data (per NZTA templates) shall be collected and submitted to NZTA;
- A monitoring and measuring framework shall be established to capture more than the minimum data required by NZTA; and
- Information shall be gathered to meet NZTA's reporting requirements.

For all projects funded by grants or any other external funding sources other than NZTA, the conditions associated with the funding shall be considered and either accepted, or modified by mutual agreement, by Council before acceptance of any funds. All funder conditions shall be met.

The inclusions of these additional conditions will not invalidate this Policy.

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5.1 Procurement Options

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In selecting a procurement option, Council will:

- Seek to ensure it obtains best value.
- Select the most appropriate procurement techniques to suit the circumstances of the procurement. In determining the most appropriate technique, Council will consider:
 - The level of risk that the procurement poses; and
 - The value of the proposed procurement; and
 - The involvement of, or investment by, other public, private or not-for-profit organisations in the procurement decision; and
 - Any other aspects relevant to the proposed procurement.
- For roading or transportation contracts attracting NZTA subsidy, meet the requirements of S.5 (supplier selection process), S.6 - S.9 inclusive (procurement procedures), S.10 (the rules) and S.11 (performance measurement and monitoring) of the NZTA Procurement Manual.
- [Maintain an inhouse professional services unit for routine roading repairs and maintenance. Where additional professional services are required for renewals of major structures, bridge inspections and other significant asset management, including RAMM, these will be procured using this policy due to the economies of scale achieved by local management but with the availability of specialised professional roading advice where required.](#)
- Recognise that there are costs associated with undertaking procurement, and will select the procurement method that represents best value.
- Have regard for whole of life costs when considering procurement options.
- Ensure that the costs of the procurement process are commensurate with the value of the purchase.
- Encourage the use of local suppliers and local labour. Where applicable, and operating within specified probity constraints, Council will seek statements from potential contractors explaining how they intend to use local suppliers and labour. See Appendix One for Opotiki District Council's Local Supplier Guidelines.
- Ensure its procurement processes meet all relevant legislative requirements, [including the Health and Safety at Work Act 2015](#).

5.2 Open and Fair Competition

Council will:

- Ensure that procurement specifications are open, generic and not biased in favour of a particular supplier;

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- Use procurement strategies and practices that take into account the desire to maintain a competitive market;
- Ensure it does not have, or is not perceived to have, a conflict of interest in any procurement it undertakes by managing procurement in an open, transparent and fully auditable manner;
- Make use of its established strategic and community partnerships, which are recorded in formal agreements. In many cases the procurement decision is already made through the partnership agreement and/or LTCCP/Annual Plan process.
- Ensure the specific written approval of the Chief Executive is obtained before any contract is rolled over beyond the terms originally included in the contract. Approval of the Chief Executive for the roll-over of a contract beyond its original terms may only be made if the decision is justified taking into account the matters listed in section 5.5 below.

5.3 Third Party Agents

Council may purchase the services of a third-party agent, (e.g. an external procurement consultant), to advise, arrange or manage a procurement or part of a procurement on its behalf. If Council uses a third-party agent to manage a procurement process, Council, through the agent, shall still comply with this Policy. However, Council should not purchase procurement advice from a supplier that has a commercial interest in the contract opportunity, and to do so would prejudice fair competition (e.g. a supplier is asked to write the contract requirements and then bids for the contract opportunity).

One third-party agent currently used by Council for some services is the Bay of Plenty Local Authority Shared Services Group (BoPLASS).

5.4 Environmentally Sustainable Procurement

Council shall undertake consideration and application of environmental sustainability factors in procurement decisions on a case-by-case basis.

5.5 Decisions Not to Tender

Council shall ordinarily subject all contracts that are likely to exceed the tender threshold to a tender process.

Any decision not to subject a contract with a contract value that is likely to exceed the tender threshold to a tender process shall be recorded in writing. Any decision not to Tender must be justified on the basis of **real and tangible benefit** to the Council and Community or the overall objective/purpose of the project itself (refer to Section 6 'Relevant Delegations' section for the approval process).

Matters to be taken into consideration when establishing real and tangible benefit may include some or all of the following:

- Urgency;
- Specialised nature of the goods or services;
- Availability of support services or spare parts;
- Opportunity to extend existing or recent contracts, or to use such contracts as the basis for a negotiated contract;
- Practicality of tendering for the specific work;
- Consequential or indirect costs detrimentally affecting Council's position including the ability to access privileged or commercially sensitive information held by a particular partner or service provider;
- Sufficiency of capability of the private sector or other potential suppliers or partners;
- Existence of excessive risk in contracting;
- Likelihood that key community partnerships will be significantly adversely affected;
- The possibility that Council's Procurement Policy (or parts thereof) act as a barrier to external Funder/Partner (e.g. Central Government) wider project objectives or procurement preferences.

5.6 Risk Management

Council recognises that early and systematic identification, analysis and assessment of risks and the development of plans for mitigating risk are necessary to achieve best value procurement practices.

Council's procurement practices will seek to allocate the risks of procurement to the party best placed to manage those risks. To this end, a project specific risk register shall be prepared, recording all risks associated with the procurement process for the project and showing the steps needed to eliminate, mitigate or manage the risks.

A formal Risk Register is needed for all goods, works or services over \$50,000. For goods, works or services under this value, risk shall be assessed in accordance with Figure 2 of the OAG procurement guidance document included as Appendix 2. Where the project is determined to be an OAG Quadrant 3 (Low value and high risk) project, the risks shall be formally assessed.

5.7 Health and Safety

Council requires that every tenderer will need to be appropriately qualified for Health and Safety. Opotiki District Council use a Local Government prequalification external assessor, SHE. Contractors that undertake medium to high risk work must be approved by SHE prior to any contract being awarded.

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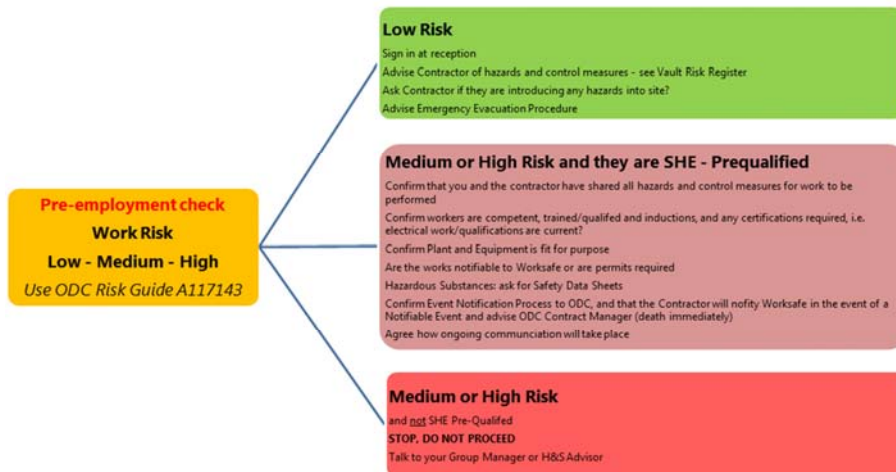
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Guidance around what work is classified as medium to high risk is attached in appendix three: Contractor Risk Classification Guide.

A simple diagram below outlines the procedures required for each risk classification.



5.8 Open and Transparent Process

For all procurement activity, Council shall follow documented procedures that allow for transparency of decision-making and that allow for subsequent review of the process of decision-making.

5.9 Conflict of Interest

The supplier (participant) in the procurement process shall be asked to declare that no conflict and/or any potential conflict(s) of interest that any person or branch of its organisation may have, exists with any part of Council and that any undeclared conflicts of interest may result in that supplier's immediate exclusion from participating in the procurement process.

5.10 Responding to Queries

Suppliers may ask questions about any Council RFI, RFP, RFQ or RFT. Council shall promptly reply to all questions and reasonable requests for information from suppliers. If Council is unable to promptly reply to a question, it should consider extending the deadline for responses.

When Council responds to a supplier's question, it shall not give information that might give that supplier an unfair advantage over the other suppliers. If Council wishes to disclose advantageous information, it shall make it available to all suppliers at the same time. Also, when Council

responds to a supplier's question, it shall not discuss or disclose another supplier's confidential or commercially sensitive information.

5.11 Additional Information

Council may make additional information available to all participating suppliers after a RFI, RFP, RFQ or RFT has been advertised and before the deadline for responses closes. However it shall issue copies of that additional information to all participating suppliers at the same time.

5.12 Attempts to Influence Outcome

Any attempt made by a supplier to influence the outcome of the procurement process by canvassing, lobbying or otherwise seeking support of staff or elected representatives of Council shall be deemed valid grounds for the exclusion of that supplier from the procurement process. Gifts, hospitality or other incentives from suppliers shall be subject to Council's Code of Conduct and comply with the "Standards of Integrity and Conduct", published by the State Services Commission.

5.13 Communication with Council

During the procurement process suppliers shall not contact any elected member, any director, employee or advisor of Council about the procurement, other than the nominated information contact person.

5.14 Reasons to Exclude a Supplier

Council may exclude a supplier from participating in a contract opportunity if there is a good reason for exclusion. Reasons for exclusion include:

- a) bankruptcy, receivership or liquidation;
- b) making a false declaration;
- c) a serious performance issue in a previous contract;
- d) a conviction for a serious crime or offence;
- e) professional misconduct;
- f) an act or omission which adversely reflects on the commercial integrity of the supplier;
- g) failing to pay taxes, duties or other levies;
- h) a threat to local security or the confidentiality of sensitive Council information;
- i) the supplier is a person or organisation designated as terrorists by New Zealand Police.
- j) An unsatisfactory health and safety performance record that may include previous convictions with the prosecutor Worksafe, and its predecessors, MBIE, or Department of Labour

Council shall not exclude a supplier before it has evidence supporting the reason for the exclusion.

5.15 Engagement of Former Employees

Subject to a mandatory 12-month stand-down period, the engagement by Council of any former employee as a contractor shall be subject to referral to and the approval of the Council Chief Executive.

5.16 Ethics

By submission of their tender, proposal, EOI, etc, suppliers acknowledge that they have not and shall not engage in any practices that gives one supplier an improper advantage over another, and/or engage in any unfair and unethical practices, in particular any collusion, secret commissions or such other improper practices.

5.17 Confidentiality

The information supplied by Council (either itself or through its contractors, agents or advisors) in connection with any tender, proposal, EOI, etc, or any competitive process or contract that arises out of it, is confidential. Suppliers shall not release or disclose any such information to any other person (other than their employees or advisors) without the prior written consent of Council. Any publicity also requires Council's prior written consent.

Council may, if it considers it appropriate, require any supplier to sign a confidentiality deed before releasing any confidential or commercially sensitive information to the supplier. The supplier shall agree to sign the confidentiality deed, if required to do so.

Council is subject to the Local Government Official Information and Meetings Act 1987. Information provided by suppliers may be required to be disclosed under that Act.

5.18 Due Diligence

As part of the tender process, Council, together with its professional advisors and/or consultants, may carry out due diligence investigations of any or all of the parties that submit a tender or proposal.

By submitting a tender or proposal, a supplier consents to Council (and its professional advisors and consultants) carrying out all due diligence investigations of the supplier as may be required by Council, acting reasonably, and shall promptly provide all information and answer all questions as may be required by Council, acting reasonably, in carrying out such investigations, subject only to confidentiality obligations and applicable Stock Exchange rules.

By submitting a tender or proposal, each supplier expressly acknowledges and agrees that the Council shall not have any obligation to enter into any agreement or arrangement with any

supplier if Council is not satisfied, in its sole and exclusive discretion, with the outcome of its due diligence investigations regarding that supplier.

5.19 Probity

An independent probity auditor shall be appointed to overview the tendering process for major contracts and verify that the procedures set out in the tender documents are complied with. The probity auditor shall not be a member of the TET. A supplier concerned about any procedural issue has the right to contact the probity auditor and request his/her review. The outcome shall be documented with copies to both the supplier who raised the issue and to the Council.

5.20 Short Listed Suppliers

If a supplier is included on any short list of potential suppliers or tenderers then such short-listing shall not constitute an acceptance by Council of the supplier's submission, or imply or create any obligations on Council to proceed to a competitive process or enter into any commitment to purchase any particular goods/ services from the supplier.

Council may at any time without being liable to a short-listed supplier, cease discussions or negotiations with any short-listed supplier and not proceed to a competitive process or any commitment to purchase particular goods/ services from that party.

5.21 Handling of Late Tenders

Tenders (including RFP Proposals, EOIs, etc.) shall be delivered to the place for closing before the closing time. If the tender arrives after the latest date and time required for submission, it may be considered as invalid. However, Council shall reserve the right to extend the period allowed for the submission of the tender, at its sole discretion. Any late tender in respect of which Council chooses not to exercise its discretion shall be returned to the supplier unopened.

5.22 Tender Evaluation

The detail for the evaluation of tenders shall be set out in Conditions of Tendering documents supplied by Council. This evaluation detail shall be based on NZTA's Procurement Manual, using the appropriate supplier selection method chosen, such as Lowest Price Conforming (LPC), Price Quality Method (PQM), etc.

Suppliers shall provide information on the requested attributes, based on the definitions of those attributes as set out in the tender or proposal documents. The attribute and any additional sub-attribute weightings for scoring of the supplier's submission shall be listed in the tender or proposal documents.

Evaluation of submissions shall be carried out by a Tender Evaluation Team (TET), whose members shall be nominated by Council. [For NZTA tenders that exceed \\$200,000 at least one member of the Tender Evaluation Team is to be a Qualified Proposal Evaluator \(QPE\). This is consistent with Section 10.19 of the NZTA Procurement Manual.](#)

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5.23 Contract Negotiation

Negotiation shall be carried out on Council's behalf with the preferred tenderer by any or all from among the chairperson of the TET, the Council Contract Manager and his/her nominated support team. Its purpose shall be to reach agreement with the tenderer on the essential terms of the contract and the deliverables required under the contract. Once negotiation is complete, the agreement reached shall be accurately documented by the TET Chairperson

5.24 Contract Award

The TET Chairperson or their nominated assistant evaluator shall prepare a tender evaluation report which shall be presented to the Council's Tenders Sub-Committee along with:

- A summary background of the project, including budget, dependency on any related projects, any legislative , resource consent, council policy issues;
- A copy of the business case report if prepared (requirement outlined in Council Procurement Guidelines);
- A completed Tender Procurement Form.

The tender report shall include recommendations regarding the preferred tender and tenderer, and any applicable terms or conditions relating to the tender acceptance.

5.25 De-briefing Suppliers

Suppliers shall have the opportunity to be debriefed following a procurement. Council shall offer each unsuccessful supplier a de-briefing.

When a supplier asks Council for a de-briefing, Council shall de-brief that supplier within 30 business days of the date the contract was signed by all parties, or 30 business days of the date of the request, whichever is later.

At the de-briefing, Council shall not disclose another supplier's confidential or commercially sensitive information. Council should provide information at the de-briefing that helps the supplier to improve future tenders or responses. At a minimum, the de-briefing shall:

- a) Include the reason/s the proposal was not successful;
- b) Explain how the supplier's proposal performed against the criteria or any pre-conditions and its relative strengths and weaknesses;
- c) Explain the relative advantage/s of the successful proposal;
- d) Address the supplier's concerns and questions.

5.26 Monitoring and Reporting Procurement Decisions

Procurement decisions shall be subjected to monitoring and reporting systems that ensure resources are used to achieve the outcomes sought. The extent of monitoring and reporting shall be directly related to the significance of the procurement decision, but may include the following methods:

- Variance reporting to the management team and Council;
- Reporting of all Tendered and Written Competitive Prices via the Quarterly Report;
- The issue of Notices to Tenderer (NTT) or Notices to Participant (NTP) during the procurement process.

5.27 Supplier Complaints

Any participating supplier may complain to Council if it believes Council has not followed this Policy. Council shall consider and respond promptly and impartially to a complaint and Council shall try to resolve any complaints in good faith.

The way Council deals with the complaint shall not prejudice the supplier's ongoing or future participation in contract opportunities or affect any right the supplier may have to a judicial review or other remedy. Council shall keep good records of its procurement process and decisions. These records shall be made available to any authority competent to hear or review a supplier's complaint (e.g. the Office of the Auditor-General, the Ombudsman, the Commerce Commission or a court of law).

Without limiting its legal rights, Council shall fully cooperate in any review or hearing of a supplier's complaint by a competent authority.

6 RELEVANT DELEGATIONS

The Council's Chief Executive is delegated authority to implement this Policy and to sub-delegate any aspect of it except his/her authority to decide not to subject a contract to a tender process.

6.1 Closed Tender Process

The Chief Executive is delegated authority to make a decision not to subject a contract to a tender process if the estimated contract value does not exceed \$100,000. If the estimated contract value exceeds the tender threshold, the criteria of paragraph 5.5 of this Policy shall be taken into consideration before making the decision. The Chief Executive is not permitted to sub-delegate this delegation.

When a decision is made under delegated authority not to subject to a tender process a contract with an estimated contract value that is above the tender threshold (i.e., the contract value is between \$50,000 and \$100,000), at least three written quotes shall be obtained unless it is not reasonably practicable to do so.

Since as a rule, the Council favours competition for supply, the default position in this Procurement Policy is for open, competitive tendering.

7 REFERENCES AND RELEVANT LEGISLATION

1. Financial Delegations
2. Local Government Act 2002
3. Partnerships with the Private Sector policy
4. Significance Policy
5. The Controller and Auditor-General's Procurement Guidance for Public Entities
6. The New Zealand Transport Agency's Procurement Manual.
7. The Government Rules of Sourcing (MBIE – October 2013)

The Government Rules of Sourcing ('The Rules') represent the government's standards of good practice for the sourcing stages of the procurement lifecycle. 'The Rules' provide the foundations; by applying them, openness, transparency and accountability are demonstrated – even though they are mandatory for the State Sector but applied as a guide only for other public entities (e.g., TLAs). 'The Rules' allow robust processes to be designed, and they build confidence in the procurement practices themselves. They are also expected to build greater public trust that spending is well-planned and well-executed.

'The Rules' emphasise that agencies involved in procurement must also be aware of, and comply with the common law of contract, public law and, where appropriate, commercial law obligations.

The effect and intent of 'The Rules' have been incorporated where relevant into this Procurement Policy.

Simplified Procurement Guidelines for ODC are attached as Appendix 1 while, in its entirety, Part 3: Strategic Procurement Planning, of the Controller and Auditor-General's "Procurement Guidance for Public Entities", is attached as Appendix 2.

Appendix 2 may assist ODC in situations where more in-depth guidance or information is needed, such as in the preparation of a significant business case.

8 APPENDICES

8.1 Appendix One – ODC Procurement Guidelines

APPENDIX ONE: ODC PROCUREMENT GUIDELINES

1. THESE GUIDELINES COVER

- 1.1 All ODC contracts for the procurement of goods, works and services with the exception of employment contracts.

2. PLANNING FOR PROCUREMENT

- 2.1 Regardless of the size of the function, ODC should know:

- What goods and services it procures;
- How much it spends by category type and also on individual procurements;
- Its main suppliers and the volume and value of the procurements; and
- The main markets it procures in.

- 2.2 To implement its procurement policy, ODC should determine:

- Who will have overall responsibility for procurement planning;
- Who will be involved in the planning process and when they will be involved; and
- How the procurement policy will be linked with ODC's broader strategic planning processes.

- 2.3 If the procurement function is large, ODC may need to have systems in place to gather and analyse information on its procurement activities. It also needs to decide:

- How it will gather this information; and
- How the information will be analysed and used for decision-making.

- 2.4 The procurement methods ODC uses to approach markets can range from simple credit card purchases with local suppliers (see Section 4, below) to complex multi-stage offers. When deciding which method to use, ODC should take into account:

- The value and risk of the goods and services;
- The availability of the goods and services;
- The importance of the goods and services to ODC and the local community;
- The characteristics of the market and any action ODC may want to take to develop or otherwise influence the market;
- The transaction costs associated with the procurement; and

- Government policy objectives – for example, sustainability.

2.5 The risk and value of the procurement provides a useful categorisation of goods and services as a means for identifying and developing different procurement responses for each category. ODC may use this approach to help choose an appropriate procurement strategy to address the risk and value of the goods or services being procured. (Note that it is not uncommon for local authority high risk and high value items to make up more than half the value of the TLA's total expenditure on procured goods and services.)

The four risk and value categories that could be considered in this way are:

- Low value and low risk;
- High value and low risk;
- Low value and high risk; and
- High value and high risk.

3. PREPARING A BUSINESS CASE

3.1 ODC should:

- Prepare a business case to support the procurement of both higher value and higher risk items; and
- Require the business case to be submitted to and approved by the Tenders sub-Committee as part of the overall project approval process.

3.2 In some instances, ODC may use a preliminary business case or equivalent document in the early stages of a particularly large or complex procurement. It will then refine this case into a full business case.

3.3 In all cases, the scale and complexity of the business case should be proportionate to the risk and value of the procurement.

3.4 When a business case is developed for procurement, it must:

- Identify the outputs and outcomes to which the procurement process contributes;
- Identify the specific objectives of the proposed procurement;
- Assess the costs, benefits, and risks involved;
- Examine whether the initiative is feasible;
- Identify the preferred strategy and method for the procurement;
- Identify and assess options;
- Provide for consultation with affected persons;
- Show that the preferred option will meet the procurement objective; and
- Justify any departure from a procurement method that ODC is required to follow.

3.5 ODC should carry out an appropriate level of market research to ensure that it prepares a good business case and that it makes an informed decision on the procurement method.

- 3.6 Market research should be carried out for procurement where there is high value and/ or risk involved or for the situation where ODC does not have comprehensive knowledge of the market. For high risk projects, the object of the research should be to reduce ODC's exposure to limited sources of supply. This can be done through actively identifying alternative sources of supply and/ or changing the ODC's demand requirements. Also, for high value procurement, there should be a focus on ensuring that the successful supplier has the ability, availability, and resources needed to work with ODC.
- 3.7 In some cases, ODC will be looking for a more detailed understanding of the supplier market and the range of technologies that might be available. In these cases, a formal request for information (RFI) may be appropriate and should be sought.
- 3.8 ODC must take account of the decision-making requirements in the Local Government Act 2002 and, as appropriate for high risk and/ or high value procurement, assess the costs and benefits of options and consider community views at various stages of the decision-making process. In some cases, a business case may need to provide for consultation or engagement with affected persons.

4. GUIDANCE FOR USE OF SMALL AND LOCAL SUPPLIERS

- 4.1 The ODC will be a fair but demanding buyer, who will purchase from competitive local suppliers where they offer best value. These guidelines do not give preference or weighting to local content in itself. Similarly, there should be no discrimination on the basis of ownership of a supplier or preference for local equity. Having given local suppliers full and fair opportunity and assessed any commercial and practical value for money advantages associated with local supply, ODC will buy from the best source available, according to its own judgement of all costs and benefits.
- 4.2 Due consideration will be given to potential commercial and practical advantages in purchasing locally supplied goods and services. Practical or commercial advantages may include:
- Better price and total or whole-of-life ownership cost;
 - Better through-life support (e.g. better availability of spare parts and after-sales service);
 - Shorter supply lines and/or delivery lead times;
 - Reduced inventory costs;
 - Reduction or elimination of exchange rate risks;
 - Easier and cheaper communications/transport;
 - Simpler and cheaper contract administration and dispute resolution;
 - Greater scope for cooperative and innovative product development and influence over the supply base;
 - A collaborative approach being considered when a community group has the resources to undertake the work which may result in other intangible benefits such as providing training or work experience;
 - Continuity of supply and more direct control over orders;
 - Goods/ works/ services better adapted to local conditions; and

- Better knowledge of the producer's reputation and reliability.

4.3 In general, it will often make good business sense, in terms of value for money and a reliable supply base, that goods, works and services should be sourced from local suppliers where the necessary standards of competitiveness, quality and availability are met. However, it is also necessary to ensure that due consideration has been given to all of these Procurement Guidelines and appropriate action taken, as necessary.

APPENDIX TWO: OAG PROCUREMENT GUIDANCE FOR PUBLIC ENTITIES

OFFICE OF THE AUDITOR-GENERAL

Good Practice Guide

PART 3: STRATEGIC PROCUREMENT PLANNING

Developing a procurement strategy

- 3.1 In Part 3 of our overarching guide *Public sector purchases, grants, and gifts: Managing funding arrangements with external parties*, we discuss the need for a public entity to take a strategic approach to managing public funds. Although it may not always be separately identified as a specific discussion, this high level thinking will often involve considering the different types of funding arrangement a public entity could use. In these processes, a public entity will often make fundamental decisions on the types of funding arrangements it will use to achieve its goals, and on how important a particular type of funding arrangement is for its work.
- 3.2 If these issues have been well considered, it should be relatively simple to understand the importance of procurement to the public entity achieving its overall goals and business strategy. This Part provides guidance on developing a procurement strategy when procurement has been identified as integral to the business strategy.

Strategic procurement planning and analysis

Expectations

- 3.3 We expect that each public entity will have a thorough understanding of the:
- Type of procurement that it does;
 - Value and risk associated with the procurement; and
 - Importance of procurement to achieving its overall goals and business strategy.
- 3.4 A public entity should develop a procurement strategy if procurement is integral to achieving the overall business strategy.
- 3.5 Where procurement is not integral, a public entity should still be able to demonstrate:
- A knowledge of the type, value, and risk associated with the goods or services it procures; and
 - That policies and procedures are in place for those involved in procurement activity to ensure that good procurement principles and practices are adopted.

Guidance

- 3.6 A public entity's relevant policies and procedures should include a strategic component that assesses whether procurement is sufficiently integral to the business strategy that it

warrants a separate procurement strategy. To do this, a public entity will need to understand what it is procuring and how integral this is to its overall business goals.

- 3.7 Regardless of the size of the function, a public entity should know:
- The goods and services it procures;
 - How much it spends by category type and also on individual procurements;
 - Its main suppliers and the volume and value of the procurements; and
 - The main markets it procures in.
- 3.8 The public entity should include guidance in its policies and procedures on how it will develop and implement its procurement strategy. The guidance should cover:
- Who will have overall responsibility for procurement planning;
 - Who will be involved in the planning process and when they will be involved; and
 - How the procurement strategy will be linked with the public entity's broader strategic planning processes.
- 3.9 If the procurement function is large, a public entity may need to have systems in place to gather and analyse information on its procurement activities. It will also need to decide:
- How it will gather this information; and
 - The information will be analysed and used for decision-making.
- 3.10 The strategies a public entity uses to approach markets can range from simple credit card purchases with local suppliers to complex multi-stage offers. When deciding which strategy to use, a public entity should take into account:
- The value and risk of the goods and services;
 - The availability of the goods and services;
 - The importance of the goods and services to the public entity;
 - The characteristics of the market and any action the public entity may want to take to develop or otherwise influence the market;
 - The transaction costs associated with the procurement; and
 - Government policy objectives – for example, sustainability.
- 3.11 There are a variety of tools and techniques public entities can use to help them with their strategic procurement analysis. One tool that is widely used in strategic analysis is matrix analysis (sometimes referred to as quadrant or portfolio analysis). Typically, some aspect of risk, difficulty of supply, importance to the organisation, or equivalent is plotted on a graph against expenditure on various goods or services. Combinations of these factors and the goods or services are then categorised into four quadrants on the graph.
- 3.12 Figure 2 (below) shows how the risk and value of the procurement provides a useful categorisation of goods and services as a means for identifying and developing different strategic responses for each category. This approach can help a public entity to choose an appropriate procurement strategy to address the risk and value of the goods or services being procured. A public entity may also find it useful to establish what proportion of its total expenditure on procured items is in each quadrant. Typically, quadrant 4, high risk and high value items, can make up more than half the value of the public entity's total expenditure on procured goods and services.

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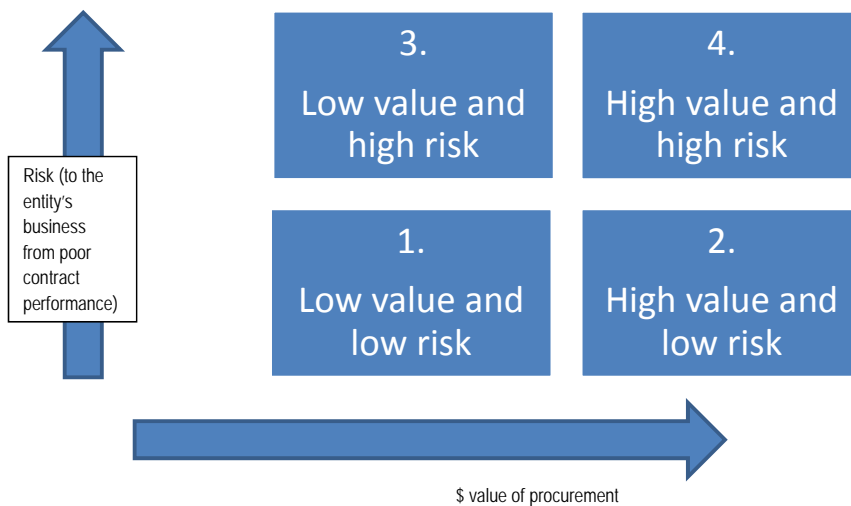


Figure 2 - Analysing type of procurement to identify procurement method

3.13 Figure 3 (below) is derived from the Queensland Government Department of Public Works' Better Purchasing Guide *Developing "Agency Purchasing Procedures"* (which can be found on its website at www.qgm.qld.gov.au). Figure 3 shows how four-quadrant analysis can be developed into a basic procurement strategy. It also sets out the issues a public entity should consider when developing procurement procedures for each category.

Options for approaching markets

Figure 3

Characteristics	Basic procurement strategy	Issues to consider when developing procurement procedures
Low value and low risk – Quadrant 1		
<p>Goods or services in this category are usually low value. These goods or services can be routinely procured or procured as required. They are generally goods or services for which demand cannot be aggregated to establish standing offers. The transaction costs associated with procuring them may be of greater cost than the items themselves.</p> <p>Generally, there are competitive local supply markets for goods or services in this category, even at the local level.</p> <p>The skills required for these types of transactions are generally administrative.</p>	<p>Keep procurement in this quadrant relatively simple to minimise procurement and transaction costs.</p> <p>Devolve procurement and associated budgets to the lowest practical geographic level where competitive local markets exist.</p> <p>Establish efficient local procurement arrangements to minimise processing costs.</p> <p>Document the administrative procedures for procuring goods or services in the entity's procurement policies and procedures.</p>	<p>What are the goods or services procured in this category?</p> <p>For the different goods, services, or groups of items in this category, what procurement methods will minimise processing costs and deliver value for money?</p> <p>How will the number of competitive offers needed to deliver value for money, probity, and accountability be determined?</p> <p>Who will be doing procurement activities in this category?</p> <p>What skill levels are required to do the various types of procurements?</p> <p>What expenditure and procurement authorities/approvals are needed for management control and to ensure probity and accountability?</p> <p>What other procedures, documentation and records are needed to manage the procurement function in this category?</p>

Characteristics	Basic procurement strategy	Issues to consider when developing procurement procedures
High value and low risk – Quadrant 2		
<p>Goods or services in this category are generally widely used by public entities, they have no special quality, safety, reliability, or environmental implications, they are simple to specify, and they have common standards.</p> <p>Procurement of these items is often in high volumes but with sometimes low value individual transactions.</p> <p>There are often whole-of-entirety or syndicated arrangements for supply of these goods or services.</p> <p>Buying is usually an administrative task (for example, booking travel).</p> <p>However, high level procurement skills are required to establish and manage these arrangements (for example, settling up travel arrangements).</p>	<p>Aim to ensure that total costs, including the costs of processing large numbers of low value transactions, are reduced.</p> <p>Consider using standing offer arrangements with electronic ordering and transaction processes.</p> <p>Aggregate procurement to increase the attractiveness of buying the goods or services, thus increasing the competitiveness of the pricing.</p> <p>Document the administrative procedures for buying in the entity's procurement policies and procedures.</p> <p>if there is a need to address environmental issues about disposal, waste management recycling, handling, or storage.</p>	<p>What are the goods or services purchased in this category?</p> <p>Where are the competitive markets for these goods or services?</p> <p>Does the aggregation of procurement at the local level for particular product types warrant a full service provider with regional delivery capability?</p> <p>Where is it practical to establish standing offer arrangements or other methods of supply?</p> <p>Are processes such as electronic ordering/paying or other processes available to reduce processing costs?</p> <p>How will the buying strategies to deliver value for money, probity and accountability be determined?</p> <p>What skills are needed to establish and buy from standing offer arrangements?</p> <p>What skills are needed for the other buying methods used in this category?</p> <p>What expenditure and procurement authorities/approvals are needed for management control and to ensure probity and accountability?</p> <p>What systems and supporting procedures, including expenditure and procurement authorities/approvals, are needed for management control and to ensure probity and accountability?</p>

Characteristics	Basic procurement strategy	Issues to consider when developing procurement procedures
Low value and high risk – Quadrant 3		
<p>Goods or services in this category are usually highly specialised (for example, high-tech medical equipment).</p> <p>There are often very few potential suppliers. There are relatively few transactions in this category.</p> <p>High-level procurement and technical skills are required to establish and manage these arrangements.</p> <p>Price may not be the principal factor in the procurement.</p>	<p>Reduce exposure to limited sources of supply. This can be done through actively identifying alternative sources of supply and/ or changing the demand requirements of the public entity.</p> <p>Prepare individual strategies or procurement plans for each procurement project in this category.</p>	<p>An individual procurement strategy/plan will need to be developed for each item in this category. The public entity's procurement policies and procedures need to provide an efficient mechanism to do these procurement projects.</p> <p>What organisational systems and procedures need to be in place to do procurement and contract management in this category?</p> <p>How will the required procurement, technical and other expertise be identified for each project?</p> <p>How will project managers be identified and what responsibilities and authority will they have?</p>

		<p>How will projects be integrated into the public entity's other business activities?</p> <p>What systems and supporting procedures, including expenditure and procurement authorities/ approvals, are needed for management control and to ensure probity and accountability?</p>
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Characteristics	Basic procurement strategy	Issues to consider when developing procurement procedures
High value and high risk – Quadrant 4		
<p>Goods or services in this category are often a complex "bundle" or "package" of services and associated goods that are critical to the service delivery of the public entity.</p> <p>Long-term relationships with suppliers are common. Supplier attitudes to the public entity as a customer are often critical to the value the entity will derive from the delivery of the goods and/or services.</p> <p>High-level purchasing and technical skills are required to establish and manage the procurement process.</p>	<p>Focus on ensuring that the successful supplier has the ability, availability, and resources needed to work with the public entity.</p> <p>Manage the relationship with the supplier to obtain value for money.</p> <p>Have a detailed understanding of what is required, how the arrangement should be managed, and the market characteristics.</p> <p>Develop individual procurement strategies or plans for each procurement project in this category.</p>	<p>Buying strategies will have been developed for each item in this category. The public entity's policies and procedures need to provide an efficient mechanism to do these procurement projects.</p> <p>What organisational systems and procedures need to be in place for doing purchasing and contract management in this category?</p> <p>How will the required purchasing, technical, and other expertise be identified for each project?</p> <p>How will project managers be identified and what responsibilities and authority will they have?</p> <p>How will the projects be integrated into the public entity's other business activities?</p> <p>What systems and supporting procedures, including expenditure and procurement authorities, are needed for management control and to ensure integrity and accountability?</p>

Planning for the procurement

Preparing a business case

Expectations

3.14 We expect a public entity to:

- Prepare a business case to support the procurement of higher value and higher risk items; and
- Require the business case to be part of the project approval process.

3.15 In some instances, a public entity may use a preliminary business case or equivalent document in the early stages of a particularly large or complex procurement. It will then refine this case into a full business case.

3.16 A public entity should carry out an appropriate level of market research to ensure that it prepares a good business case and that it makes an informed decision on the procurement method.

3.17 In all cases, the scale and complexity of the business case should be proportionate to the risk and value of the procurement.

Guidance

- 3.18 Public entity should include guidance on preparing a business case in its relevant policies and procedures. This guidance should outline:
- When a business case needs to be prepared; and
 - What the business case should contain.
- 3.19 As a minimum, the guidance should require every business case to:
- Identify the outputs and outcomes to which the procurement process contributes;
 - Identify the specific objectives of the proposed procurement;
 - Assess the costs, benefits, and risks involved;
 - Examine whether the initiative is feasible;
 - Identify the preferred strategy and method for the procurement;
 - Identify and assess options;
 - Provide for consultation with affected persons;
 - Show that the preferred option will meet the procurement objective; and
 - Justify any departure from a procurement method that the public entity is required to follow.
- 3.20 The guidance should also cover the type of situation where market research should be considered and examples of the types of market research that may be done.
- 3.21 The extent of the research required will depend on the value and risk of the procurement. Doing market research is particularly important when the public entity does not have comprehensive knowledge of the market.
- 3.22 In some cases, the public entity will be looking for a more detailed understanding of the supplier market and the range of technologies that might be available. In these cases, a formal request for information (RFI) may be appropriate.
- 3.23 Local authorities will need to take account of the decision-making requirements in the Local Government Act 2002, including requirements to assess the costs and benefits of options and to consider community views at various stages of the decision-making process. In some cases, a business case may need to provide for consultation or engagement with affected persons.
- 3.24 Local authorities may also wish to refer to relevant guidelines produced by the New Zealand Society of Local Government Managers. Reference to the guidelines is included on its website (www.solgm.co.nz).

Specifying the goods or services

Expectations

- 3.25 We expect a public entity to clearly specify goods or services before procuring them. If a public entity is using a competitive proposal process and the public entity is open to innovation, the specification may focus on the outputs and outcomes rather than the process to be followed to deliver the outputs or outcomes.
- 3.26 The specification should contain a clear, concise, logical, and accurate description of the goods or services being procured. This will help potential suppliers and those who will be involved in making the procurement decision.
- 3.27 Government departments' specification of goods or services must adhere to the applicable government policies and the *Mandatory Rules for Procurement by Departments*.

Guidance

- 3.28 A public entity should include guidance on specifying goods or services in its relevant policies and procedures. This could include the different types of specification of goods or services (such as the examples in paragraph 3.29), and when each should be used.
- 3.29 Examples of different types of specifications are:
- A functional specification, which focuses on what is to be achieved from the procurement – that is, the desired outcome, rather than how it will be reached;
 - A performance-oriented specification, which defines the performance parameters required of the goods or services but not the methods to be used to achieve them;
 - A technical specification, which usually sets out the physical characteristics of goods (for example, their size or capacity, the type of materials they contain, or their tolerance) in a highly prescriptive way; or
 - A combination of the above.
- 3.30 Other potential contents of a specification include:
- Requirements and non-mandatory preferences for the goods or services;
 - Requirements relating to timetable, delivery date, and so on; and
 - Performance standards, including key performance indicators and targets that cover inputs (the total resources), outputs (what will be produced), and outcomes (the effects of the service).

Procurement plan

- 3.31 Individual procurement plans should usually be considered for higher value and higher risk procurement – that is, those goods or services identified by public entities as being in quadrants 2, 3, and 4 of Figure 2 – and occasionally for those in quadrant 1.
- 3.32 Procurement planning is necessary to identify:
- The best way to approach the procurement of goods or services (through information gathering and analysis);
 - Risks associated with the procurement of goods or services early so that they can be managed; and
 - Ways of achieving the objectives defined for the procurement, in line with the public entity's procurement strategy.

Expectations

- 3.33 We expect a public entity to prepare a procurement plan that brings together the previous analysis and requirements in the planning process.
- 3.34 The content and size of the procurement plan will vary depending on the value and risk of the procurement, and the size and resources of the public entity.

Guidance

- 3.35 A public entity should include guidance on developing a procurement plan in its relevant policies and procedures. This guidance should cover when a procurement plan needs to be prepared and the expected contents of a plan.
- 3.36 The amount of detail in the plan will depend on the value and associated risk of the procurement. The content may include:
- The project scope;
 - The procurement method;
 - Selecting an evaluation model (including the evaluation criteria) and process (see paragraphs 7.21-7.30);
 - The type of contract and contractual conditions (see paragraphs 3.37-3.46);

- The responsibilities of the public entity's staff and any other stakeholders;
- The risks;
- The need for independent oversight or assurance over the process (see paragraphs 3.47-3.52);
- The timelines and key milestones;
- The resources needed (for example, project manager, evaluation team members, tender or proposal manager, and approving authority); and
- The budget, including the budget for conducting the procurement (for example, for external quality assurance, independent assurance, legal advice, and project management).

Selecting the type of contract

- 3.37 The form of the contract will depend on the value and complexity of the purchase as well as the nature of the goods or services being procured, the uncertainties that may be involved in contract performance, and the extent to which the public entity or the supplier is to assume the risk of the cost of performance of the contract. Contracts differ in the degree of responsibility assumed by the supplier.
- 3.38 For low value, low risk purchases, the contract will be as simple as completing a purchase order or requesting goods and services with a procurement card (see paragraphs 4.8-4.9). For medium value, low risk purchases, a short form contract may be required. For higher value and higher risk purchases, a more detailed contract will be required that reflects the risk and nature of the goods and services being procured. The following expectations and guidance relates to higher value and higher risk purchases.

Expectations

- 3.39 We expect the contract terms used to be appropriate to:
- The nature of the goods or services;
 - Any anticipated uncertainties in the supplier's ability to perform its contractual obligations; and
 - The extent of any risk that the supplier will be required to assume.
- 3.40 A public entity's procurement contract should:
- Be comprehensive enough to meet the objectives of the procurement;
 - Reflect the full specification of the goods or services;
 - Be consistent with the conditions specified for the procurement process;
 - Define and protect the rights and obligations of all parties;
 - Be consistent with the entity's statutory functions, duties, and powers;
 - Be fair to both parties and pass the "sense test", particularly where clauses cover limitations or exclusions of liability, indemnities, warranties, and intellectual property;
 - Be included in the procurement documents, and respondents should be required to confirm whether they would accept the proposed contract terms (or propose alternative terms); and
 - Comply with relevant public sector constraints – for example, the contract may not be able to contain indemnities, and cannot contract out of the Official Information Act 1982.

Guidance

- 3.41 A public entity should include guidance in its relevant policies and procedures on the factors that should be taken into account when selecting the type of contract – for example:
- The nature of the goods or services;

- The type and complexity of the procurement;
 - The likely administrative costs for both parties;
 - Any likely difficulty in clearly defining the contract requirements;
 - How much technical or operational co-ordination the public entity will need to provide;
 - The intended duration of the contract;
 - The likely volatility of cost inputs; and
 - The extent of risk that either party will have to assume.
- 3.42 The guidance should also set out the circumstances when the public entity should seek legal advice or assistance in preparing the contract. Legal advice will often be required in a procurement process, particularly for high risk, complex, or strategic procurements. The public entity should consider this advice early in the planning stage, since it may need to develop specific documentation, including a draft contract, to accompany the procurement documents.
- 3.43 An incomplete understanding of limitations or exclusions of liability, indemnities, warranties, and intellectual property and the resulting risks can lead to unnecessarily conservative contractual positions, which reduce the opportunities that may evolve from a contract.
- 3.44 The guidance should specify that the contract needs to reflect the relationship that the public entity wishes to establish with the supplier. For example, as well as the more traditional “arm’s length” contracts, partnering or alliances are increasingly being used (see paragraphs 6.9-6.13 for further details on these two methods).
- 3.45 The guidance should set out the types of issues that the contract should cover – for example, who owns intellectual property created under the contract, and defining and ensuring the public entity’s right to use background intellectual property.
- 3.46 The guidance should also set out the types of standard conditions that the contract might include – for example:
- Conditions relating to termination, default, and insurance liabilities; and
 - Special conditions specific to the procurement – for example, delivery and payment conditions, financial and performance guarantees, liquidated damages, copyright, confidentiality, and dispute resolution.

Independent oversight or assurance over the process

- 3.47 The public entity team managing the procurement and other personnel either directly or indirectly involved must be fully accountable for the procurement process and ensure that it is in line with accepted standards. To help them fulfil this role, a public entity may appoint an independent adviser for high value, high risk procurement to oversee the process.

Expectations

- 3.48 We expect that appointing an independent adviser should not be seen as a way of avoiding having sound processes. It does not reduce the accountability of the public entity for running a good process. The public entity must retain primary responsibility for ensuring that appropriate professional standards are met. The public entity is accountable for the decisions that it makes.
- 3.49 The appointment of an independent adviser cannot be used to transfer risk from the public entity to someone else.

3.50 An independent adviser should be engaged early in the procurement process. The public entity should prepare terms of engagement that clearly set out the role and scope of the engagement.

Guidance

3.51 A public entity should include guidance in its relevant policies and procedures on the situations where a public entity should consider engaging an independent adviser. An independent adviser may be engaged for particularly large, complex, or sensitive transactions. However, complexity alone is not enough to justify using an independent adviser, because a public entity should be able to monitor compliance with its own procurement standards and not have to rely on “contracting in” such expertise.

3.52 The terms of engagement should include:

- Who the independent adviser will report to (this should normally be to the person or body responsible for the procurement);
- The scope of the engagement;
- The timing of the independent adviser’s reports (usually at important stages of the procurement process and at the end of the process);
- Attendance at meetings; and
- Remuneration or the method for determining it.

APPENDIX THREE: CONTRACTOR RISK CLASSIFICATION GUIDE

SAFETY RISK GUIDE

1. Safety Risk Category

A Contractor's generic safety risk level will fall into one of three categories:

1. **High risk**
2. **Medium risk**
3. **Low Risk**

The value of the potential contract is not a consideration when evaluating safety risk as we are interested in the risk of harm, regardless of contract value.

If the contract falls into the medium or high safety risk category, then Council H&S Pre-qualification is required before a contractor is approved. Pre-qualification is required for all work that is safety risk assessed as medium or high, which can be in any of the procurement types (refer procurement type matrix).

As general guidance:

- **Suppliers are usually low risk.**
- **Physical work is usually medium or high risk, depending on the nature of the work.**
- **Environmental work using hand tools only is usually medium risk.**
- **Environmental work using powered tools/plant is usually high risk.**

2. Contractor Safety Risk Classifications

The table below provides guidance by way of indicative examples to assist you in determining the safety risk.

Safety Risk Rating	Examples	Requirements
Low	<p>Contractors who undertake;</p> <ul style="list-style-type: none"> • Supply of goods or services who will not come onto council property (includes trainers) • Supply of goods or services who may come onto council property to deliver or pick up vehicles or goods or items or documents, where there is minimal manual handling, • Power supply companies who only come onto site to read meters • Caterers who deliver food into council premises, under supervision of a council person • Courier drivers who deliver goods • Trainers, who will be undertaking low risk training on company premises in meeting/training rooms and will be treated as a visitor • Consultants or project managers working on Council property or managing Council projects, who do not attend physical works sites of moderate or higher risk • Consultants working from their own premises • IT consultants involved in minor physical work only (e.g. computer use, rack equipment changes) • Photocopier repair service personnel • People who supply water to water coolers and service • Office plant care • Personal hygiene suppliers in office based facilities • Painting where no at height work will take place and only acrylic paint is used 	<p>Visitor procedures</p> <p>Supervision</p>

Safety Risk Rating	Examples	Requirements
Medium	<p>Contractors who undertake;</p> <ul style="list-style-type: none"> • General maintenance work • Environmental work involving hand tools but no powered tools or machinery (diggers, chainsaws, trimmers etc.) • Work using volunteers involving hand tools but no powered tools or equipment (diggers, chainsaws, trimmers etc.) • Commercial cleaners • Work on roofs and ceiling e.g. air-conditioning repairs/service but <u>not working</u> over 1 metre. • Other forms of painting not classified as low risk • Electrical work (up to 240 VAC) • Plumbing • Brazing and soldering • Gardening/ Landscaping/Lawn Mowing • Excavations that are not notifiable to Worksafe NZ • Medium construction/engineering work such as external building work or infrastructure • Working at height <u>below one metre</u> • Trainers, who will be undertaking moderate risk or above training on company premises • IT consultants involved in medium physical work (e.g. manual handling) • Consultants or project managers working on Council property or managing Council projects, who attend physical works sites of moderate or higher risk 	<p>Pre-qualification</p> <p>Supervision</p> <p>On site</p> <p>Inductions</p> <p>SWMS</p> <p>Monitoring</p> <p>Reporting</p>

Safety Risk Rating	Examples	Requirements
High	<p>Contractors who undertake;</p> <ul style="list-style-type: none"> • Building projects involving structural work • IT consultants involved in significant work (e.g. work around mains voltage electricity, installing building cabling) • Environmental work involving power tools or machinery (diggers, chainsaws, trimmers etc.) • Work using volunteers involving powered tools or machinery (diggers, chainsaws, trimmers etc.) • Working at height over one metre • Demolition/ relocation • Work involving a harness • Work on or around a roof • Geothermal work • Work on or around water • Lone work/Working in isolation • Pest Control • Work where permits to work, or TMPs are required • Handling hazardous (and toxic) chemicals • Work involving mobile plant • Confined space entry work • Work with, or removal of, asbestos material • Diving Work (breathing compressed air) • Tree felling • Tree pruning that requires notification to Worksafe NZ • Use of explosives • Hot work – welding, gas cutting, grinding, etc. • Any hazardous work that requires notification to Worksafe NZ 	<p>Pre-qualification</p> <p>Supervision</p> <p>On site Inductions</p> <p>SWMS</p> <p>Monitoring</p> <p>Auditing</p> <p>Reporting</p>