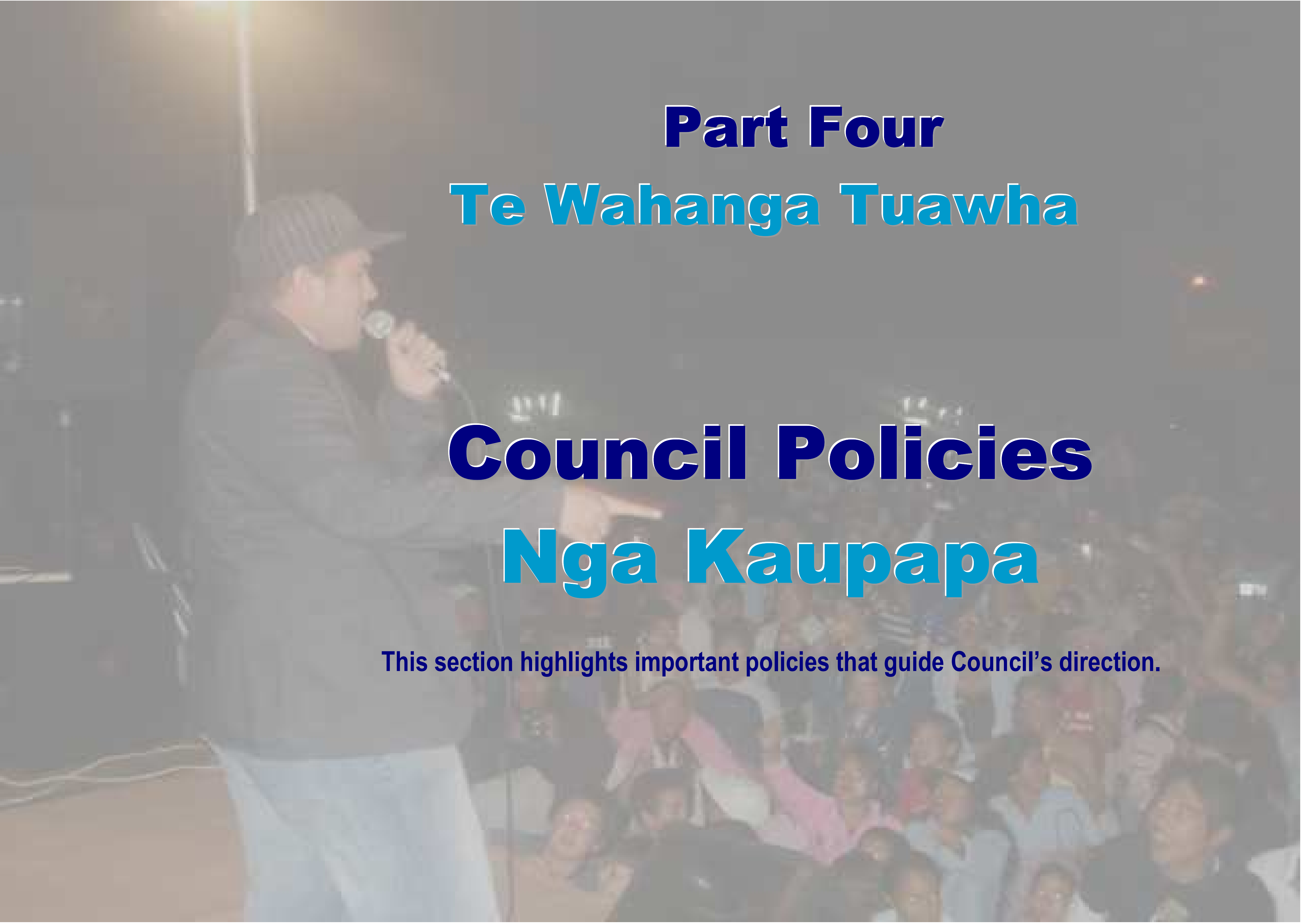


Part Four

Te Wahanga Tuawha

Council Policies

Nga Kaupapa

This section highlights important policies that guide Council's direction.

Council Policies

Introduction

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

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

Policy on Partnership with the Private Sector
This policy outlines the circumstances under which Council will enter into partnership arrangements with private business, what conditions will be imposed and what consultation will take place.

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

Policy on Liability Management
This policy explains Council's approach to managing its liabilities and the methods it uses to control any associated risks.

Policy on Investment
This policy explains Council's approach to managing investments.

Policy on Remission of Rates on Maori Freehold Land
This policy recognises that certain Maori Freehold Land has particular conditions, features, ownership structures or other circumstances which make it appropriate to provide relief from rates.

Policy on Rates Remission on General Land
This policy outlines the parameters and circumstances under which Council will consider rate relief on general land.

Policy on Rates Postponement on Maori Land
This policy is to provide a level of rate postponement in an endeavour to facilitate the use of Maori Freehold Land which would otherwise be uneconomic.

Policy on Postponement of Rates in Cases of Extreme Financial Hardship
This policy is to assist ratepayers experiencing extreme financial circumstances which affect their ability to pay rates.

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

Policy: Significance

Introduction:
Council makes many decisions through the year and at times these decisions may have major implications for the residents and ratepayers of the district. This policy sets out the criteria and procedures Council will use when assessing the impact a decision may have on the community.

When the threshold of significance is reached then the decision made by Council is subject to detailed analysis, review and/or consultation.

1. OBJECTIVE

To provide guidance to the community and Council for the purpose of identifying significance in relation to the issues, proposals, decisions or other matters which substantively affect the lives or future of the Opotiki community.

2. PRINCIPLES

The more significant the issue, the higher the standard of compliance required. The significance of a decision will help determine the appropriate nature, extent and degree of compliance required with the decision-making process set out in Part 6 of the Act.

The more significant a matter from the perspective of the persons who may be affected by the decision, the more likely the Council will need to consult with them on their views.

The significance of a decision will assist in determining the extent and detail of information to be provided by the local authority when consulting with or reporting to the community.

3. DEFINITIONS

Significance, in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for;

a. the current and future social, economic, environmental, or cultural well-being of the district or region:

b. any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:
c. The capacity of the local authority to perform its role, and the financial and other costs of doing so.

Significant, in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance.

Special consultative procedure means the procedure set out in section 83 of the Local Government Act (2002).

Strategic asset, in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community, including:

a. any asset or group of assets listed by the local authority in accordance with section 90(2)of the Local Government Act.
b. any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy.
c. any equity securities held by the local authority in:
    (i) a port company within the meaning of the Port Companies Act 1998.
    (ii) an airport company within the meaning of the Airport Authorities Act 1966.

4. BACKGROUND

Section 90 of the Local Government Act (2002) requires Council to adopt a policy on significance.

5. POLICY STATEMENT

Council will consider each proposal or decision on a case by case basis to determine whether the decision or proposal is significant. In determining the significance Council will apply the general approach, criteria and procedures and consider the thresholds set out in this policy.

5.1 General Approach

Council will use the following general approach to identify the significance of any issue, proposal or decision by judging the likely impact of any decision required on:

a. the likely impact/consequences of the decision or proposal on the current and future social, economic, environmental, or cultural well-being of the district or region.
b. the persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter.
c. the likely impact/consequences of the decision or proposal from the perspective of those parties.
d. the financial and non-financial costs and implications of the decision or proposal having regard to Council's capacity to perform its role.

5.2 Thresholds

The thresholds below are not necessarily conclusive. A matter which does not meet any particular financial or non-financial threshold may still be significant if the general approach or criteria suggest that it is.

The thresholds are:

- Proposals or decisions which are likely to have financial implications in excess of 15% of the annual District rate revenue required will be treated as significant.

5.3 Criteria

If a decision or proposal satisfies one or more of the following criteria, the matter is likely to have a high degree of significance:

a. Any transfer of ownership or control, or the construction, replacement or abandonment, of a strategic asset as defined by the Local Government Act (2002) or listed in this policy.
b. A decision that will have a major and long-term impact on the capacity of the Council to carry out any activity identified in the LTCCP.
c. A decision that will have a major and long-term impact on Council's Strategic Direction.
d. A decision that will have a major long-term impact on a wide range of people and/or groups who reflect the makeup of the District's community.
e. The issue, proposal, decision or other matter that will have a major and long term impact on Council's current level of service.

5.4 Procedures

In achieving this policy the following procedure will be followed:

- Every report to Council on any issue, proposal, decision or other Council matter will include a statement indicating that the issue of significance has been considered.
- The report shall include an assessment of whether the issue, proposal, decision, or other matter is significant.
- Where the issue, proposal, decision, or other matter triggers the thresholds or criteria of this policy and is therefore likely to be significant, the report to Council will also include a statement addressing the appropriate observance of the Local Government Act parts relating to decision making (Sec 76 - 81) and consultation (Sec 82) and other Council policy (in particular the Community Engagement Lead Policy) as applicable.

- Council will determine if the issue is significant in accordance with the application of this policy and make a final decision on:
- the significance of the issue, proposal, decision, or other matter; and
- the appropriate level and type of community engagement and/or consultation.
- This procedure is to be followed in every instance, except for reports on decisions relating to the Resource Management Act 1991 where significance has already been determined in accordance with the notification provisions of that Act.

5.5 Strategic Assets
A strategic asset is any asset that Council needs to retain in order to achieve an outcome important to the continued well-being of the community.

The Council has identified its strategic assets as:
- Roading and Traffic Network (including footpaths, street lighting and parking)
- Wastewater Network and Treatment Plant
- Water Treatment, Storage and Supply Network
- Stormwater Network
- Reserves and Sports Fields
- Library and Book Collection
- Public Toilets
- Cemeteries
- Council's Administration Building

The Council considers all asset classes listed above as single whole assets. This is because the asset class as a whole delivers the service. Strategic decisions, therefore, only concern the whole asset class and not individual components, unless that component substantially affects the ability of the Council to deliver the service. It is the principle of the provision of the services, not individual roads, individual toilet blocks, individual reserves, etc, that make these asset groups strategic.

Council recognises that there are some assets that, while not fitting the legal definition of strategic asset, are of high community importance and interest. The Council will appropriately consult the community on issues relating to these assets. In these cases decisions on these assets may be significant decisions.

5.6 Significant and Significance in Other Contexts
The Local Government Act 2002 uses the term significant and significance in a number of contexts. Unless it is inappropriate in the context, the considerations set out in this policy and in the statutory definitions will apply.

6. DELEGATIONS

Elected Members will retain all decision making authority relating to the determination of the significance of issues, proposal and decisions.

7. REFERENCES AND RELEVANT LEGISLATION
Local Government Act 2002: Section 90

Policy: Partnerships with the Private Sector

Introduction:
The Local Government Act 2002 says that Council is able to work in partnership with the private sector where this is the best way to achieve Council objectives. This policy ensures that there are checks and balances in place so that Council is not exposing public funds, assets or resources to any unnecessary risk.

1 CONDITIONS
Council will consider partnerships with the private sector where:
1. they contribute to achieving strategic objectives as outlined in the Long-Term Strategic Plan, an adopted Long-Term Council Community Plan, or an Annual Plan;
2. the private sector is unwilling to provide sufficient resources for the achievement of those outcomes without council support;
3. the benefits to the District exceed the costs.

This policy refers to partnerships with private business only. Partnership contracts for the supply of goods and service to the local authority, as well as agreements with community organisations, charitable trusts and other community groups, government departments, not-for-profit organisations, other local authorities and Council-controlled organisations are outside the parameters of this policy.

2. CONSULTATION REQUIREMENTS
The Opotiki District Council will consult on this "Policy on Partnerships with the Private Sector" as part of its annual and Long-Term Council Community Plan consultation processes.
This includes consultation on:
1. the circumstances under which the Council will enter into a partnership.
2. any general conditions that must be met under partnership agreements.
3. the Council's approach to dealing with risk in any partnership it might enter into.
4. the procedure to be used to monitor the use of funds and other resources under the partnership agreement.
5. the methods by which the Council will monitor how strategic objectives (community outcomes) were, or are, being achieved by the partnership.

Given that this policy will be adopted only after community-wide consultation, any further consultation on any partnership will only occur where a partnership proposal:

1. falls outside of the conditions, acceptable risks, agreed resources and outcomes monitoring procedures set out within this policy.
2. results in a negative and material change to the projected budgets, performance measures, outcomes or other objectives set out in the Councils' Long-Term Council Community Plan, or Annual Plan.
3. is considered of such interest to the community that the Council resolves that public consultation will occur, irrespective of its compliance with this policy.

Any partnerships falling under above three criteria should, where possible, be consulted on through the Annual Plan process.

3. FORMATION OF A PARTNERSHIP WITH THE PRIVATE SECTOR

Formation of a partnership that meets the conditions of this policy will be by Ordinary Council resolution unless authority to form a partnership is delegated to a committee, subcommittee or Council Officer, in which case the partnership must meet the conditions of this policy.

Formation of a partnership that does not meet the conditions of this policy will be by Ordinary Council resolution only after appropriate and required consultation under the Annual Plan process and due consideration of the issues raised by that consultation.

4. PARTNERSHIP CONDITIONS

In considering an application the Opotiki District Council will require that:

1. the partnership proposal will contribute to the community's strategic objectives as set out in the Long-Term Strategic Plan;
2. the benefit from the partnership exceeds the costs;
3. the legal status of the private sector partner will be that of a private individual, business, or registered company;
4. the partner be able to demonstrate that they are able to meet the terms of any agreement between the Council and themselves;
5. that the partnership and its proposed business are lawful;
6. that any necessary consents, licences or other approvals have been obtained; and
7. any other matter the Council considers appropriate.

5. RISK MANAGEMENT AND ASSESSMENT

On setting up a partnership, the potential risks to the Opotiki District Council will be outlined and where the risks are considered significant, in terms of probability and potential effect, a risk management strategy will be put in place to appropriately minimise or provide cover for that risk to the satisfaction of Council.

Risk will be assessed by calculating the probability of an adverse outcome multiplied by the cost/impact of that adverse outcome, while taking into account mitigating strategies and associated costs.

Risk factors that will be considered will be:

- Safety
- Risk to the reputation of the Council and Opotiki District
- Financial risk
- Risk to the capacity of the Council to carry out its activities, now and in the future
- Risk to property
- Protection of any intellectual property
- Any other potential loss

6. MONITORING AND REPORTING

Monitoring and reporting will include the following where applicable:

1 Quarterly financial reports;
2 Quarterly reports on outputs produced;
3 Audited Annual financial reports;
4 Annual performance reports on the achievement of those community strategic objectives that are applicable and on any impacts on community wellbeing in terms of the social, economic, environmental and cultural dimensions; and
5 Report on specifically agreed outcomes and objectives.

Monitoring and reporting requirements will be as appropriate to the significance of the proposal and the amount of resources allocated to the partnership.

Policy: Revenue and Financing

Introduction:

The Revenue and Financing policy sets out the Council's policies of funding operating and capital expenditure. The policy identifies sources of funding for each of the Council activities.

1.1 REQUIREMENTS OF FINANCIAL MANAGEMENT

Local authorities have three financial management obligations under section 101 of the Local Government Act 2002 (the Act). They are:

- **Prudent management of finances** - A local authority must manage its financial dealings prudently and in a manner that promotes the current and future interests of the community. In this context 'prudent' means that the members and staff are under a similar obligation to company directors and staff in their management of the dealings of the local authority. The requirement to manage finances taking both the current and future interests of the community into account supports the requirement to balance the budget, and is consistent with the general purpose of promoting current and future well-being.
- **Adequate and effective provision for expenditure needs** - A local authority must make adequate and effective provision for its expenditure needs in the Long-Term Council Community Plan and Annual Plan.
- **Funding of expenditure needs** – Expenditure needs must be met from those mechanisms the Council considers appropriate after considering:
  - The promotion of community outcomes. The selection of revenue and financing mechanisms for an activity should reflect community outcomes.
  - The 'user/beneficiary pays' principle. How the benefits from the activity are distributed amongst individuals, groups of individuals or the community generally.
  - The 'intergenerational equity' principle. Who will benefit from the activity in the future? Most local authority assets have long lives; this principle suggests that the future ratepayer should also meet a share of the cost of these assets.
  - The 'exacerbater pays' principle. There are parties whose action or inaction gives rise to the need for particular expenditure on an activity.
  - The costs and benefits of funding the activity in a different manner to the way other mechanisms are funded.

In addition there is a further step to consider: the overall impact of the selection of funding mechanisms, i.e. the overall impact that the selection of mechanisms will have on the current and future well-being of the community.

1.2 RATIONAL FOR SELECTION OF FUNDING MECHANISMS

Council has selected the funding mechanisms for the various activities on the following basis:

General Rates including the Uniform Annual General Charge (UAGC) will be applied to fund any benefits that are consumed by the whole community District-wide. Council does acknowledge that a property value-based rate is not an exact match to the services provided and has endeavoured to mitigate this by the use of the maximum allowed UAGC. The general rate can be applied to both operating and capital expenditure.

Targeted Rates are used where Council wishes to target rating units which receive or are able to receive a particular benefit (i.e. a water supply) or when Council wishes to separately identify and recover the costs of a particular activity or sub-activity (i.e. refuse recovery centre). Targeted rates can be used for both operating and capital expenses where private benefits can be identified ('user pay' principle).

Grants and subsidies attributable to various activities will be used to fund both operating and capital expenditure within those activities.

Proceeds from the sale of assets will only be used to fund capital expenditure and then only after any debt attributable to those assets has been repaid.

Borrowing will not be used for operating expenses unless Council deems it prudent to alleviate an abnormal spike in one year's expenditure. Council will fund any Capital work it deems appropriate to be funded by borrowing. Such borrowing will be limited by council's Borrowing Management policy.

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

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

Reserve funds including depreciation will be used for capital expenditure and loan repayment on the activities for which those reserves were set up.

2. ACTIVITY GROUP: DEMOCRACY

2.1 ACTIVITY - REPRESENTATION

Why engage in activity

This activity is the basis of local government. It provides the elected governance of Council including the operation of the formal meeting process and the processes for community involvement in the democratic process.

Promotion of community outcomes

Leadership	A governance structure is provided to effectively represent the community.
Community spirit	The community is engaged in decisions which impact on them.

Distribution of benefits
It is considered that this activity benefits the community at large and therefore is 100% public good.

Intergenerational equity
Elections are held every three years so timing issues are not considered to be material.

Contributions to the need for the activity
It is considered that there are no particular groups or individuals who unduly affect this activity.

Costs and benefits of distinct funding
This activity is the basis of local government. It is considered that all property owners share equally or on an almost similar basis in the benefit so there is no requirement for separate funding.

Recommended funding
Operating
100% from the general rate but with recoveries from Regional Council, Health Board and others who are included in the triennial election process for share of those costs.

Capital
There are no capital requirements for this activity.

2.2 ACTIVITY -TANGATA WHENUA

Why engage in activity
In excess of 50% of the District's population is of Maori descent. The Local Government Act requires promotion of Maori capacity to contribute to the decision making process of Council.

Promotion of community outcome

Leadership	The needs of Tangata Whenua are understood and considered in decision making.
Community spirit	Tangata Whenua and Council work together to achieve common goals.

Distribution of benefits
It is considered that this activity benefits the community at large and therefore is 100% public good.

Intergenerational equity
The benefits of a strong relationship with Tangata Whenua will accrue over time but will require constant contributions by Council. Therefore timing issues are not considered material.

Contributions to the need for the activity
Given the District's large Maori population it is considered that particular groups or individuals do not have an undue impact on this activity.

Costs and benefits of distinct funding
With the District's population having a Maori majority and there being a strong historic and cultural presence which provides benefits for all, separate or distinct funding is not considered necessary.

Recommended funding
Operating
100% from the general rate.

Capital
There is no capital requirement for this activity.

2.3 ACTIVITY - COMMUNITY SPONSORSHIP

Why engage in activity
Council is involved in this activity in order to use its income redistribution powers to provide assistance for community groups or individuals where their initiatives will contribute towards Council's vision and the community outcomes.

Promotion of community outcome

Services and facilities	Without Council's and other funders support, the community services would not be provided or would cost more to provide.
Community spirit	A partnership between Council, community groups and other funders enables common goals to be achieved.

Distribution of benefits
It is considered that the community sponsorship undertaken is of benefit to the community at large and is therefore 100% public good.

Intergenerational equity
Grants are made on an annual basis, so there are no timing issues.

Contributions to the need for the activity
Council evaluates all applications and as such mitigates any undue influences.

Costs and benefits of distinct funding
It is considered that Council is using its income redistribution powers for the benefit of the community at large and there is no requirement for separate or distinct funding.

Recommended funding
Operating
Funding is 100% from the general rate.

Capital
There is no capital requirement for this activity.

3. ACTIVITY GROUP: FACILITIES AND SERVICES

3.1 ACTIVITY - PARKS AND RECREATION

Why engage in activity
The Council provides, maintains and develops parks, reserves and facilities for the purposes of recreation, beautification, conservation of the natural environment and public access.

Parks and recreation facilities are important to the health and well-being of the community and contribute to the lifestyle we enjoy. The Council is led by the expectations of residents to have access to active and passive recreation opportunities.

Promotion of community outcome

Environment:	Parks serve to protect natural resources, coastal values, and provide opportunities for the public to participate and enjoy the natural environment.
Community spirit:	Parks and recreation facilities positively encourage the community to participate in active and passive recreation in a cooperative manner. Parks promote and encourage pride in the identity of the Opotiki community.
History and culture:	Protects sites of historical and cultural importance, encourages appreciation of history and culture. Parks and recreation facilities provide venues and amenities for cultural activities and customs.

Distribution of benefits
Council has adopted a role as being the significant provider of parks and recreational facilities in the community that provide a public good. Some sporting grounds are used by organised sporting bodies and selected reserves are leased, which provides a ‘private good, component to those reserves.

Intergenerational equity
Operating costs relate mainly to maintenance and do not cause any timing issues. Ratepayer contribution to capital expenditure is planned to be regular in quantum and timing so as to create the necessary intergenerational equity.

Contributions to the need for the activity
Developers have a direct impact on the need for facilities, and this is addressed through financial and development contributions. Rental charges are levied to those who use sports fields and have leases of reserve land.

Costs and benefits of distinct funding
There are no unusual patterns of benefit that would warrant separate funding of this activity.

Recommended funding
Operating
Apart from the charges that are levied for use of sport fields, facilities and reserves, the balance of the costs will be met from the general rate. There may also be instances where grants are available (such as Internal Affairs’ contribution for the upkeep of the soldiers’ portion of the cemetery, or SPARC Pathway to Health initiative).

Capital
Capital costs will be met from reserves, including depreciation, financial contributions, grants, borrowing and general rates.

3.2 ACTIVITY - LIBRARY

Why engage in activity
The Council provides, maintains and manages the Opotiki District Library, and maintains resources for one community library. The role of the library is to provide local residents with educational, cultural and recreational resources.

Providing a library service is important to the social and cultural well-being of the community. The library provides access to information and learning opportunities, and the resources support community education, literacy and recreation.

Promotion of community outcome

Services and facilities:	Use of the internet and electronic media as key tools for information and delivering services.

Work and learning:	Provides resources for life-time learning, contributing to self-esteem and personal development.
History and culture:	Preservation and protection of historic books and information regarding the Opotiki District.

Distribution of benefits
The benefits from the availability of the resources of the library to the community, the sense of investment and civic pride are all public benefits. The benefit accruing to the users of the service is private.

Intergenerational equity
The level of operating expenditure and renewal of resources are constant, and therefore timing issues are not considered material. Any extension or renewal of premises would be through the Property Activity.

Contributions to the need for the activity
A charge is levied for overdue or misused of library books.

Costs and benefits of distinct funding
There is an importance to the community for this activity and it is available to all. It is considered there is no requirement for separate funding.

Recommended funding
Operating
Fees and charges are made for book rentals, overdue and lost or damaged books. The library also is the beneficiary of the Mechanics Institute. General rates provide the 'public good' portion of costs.

Capital
General rate with loan funding and sale of other property for any extension or renewal of premises.

3.3 ACTIVITY - PROPERTY

Why engage in activity
The activity involves Council in the Management of Mechanic Institute properties, and various other properties (such as Council's administration and depot buildings, including former administration buildings now leased), and some strategic vacant residential sites.

Promotion of community outcome

Services and facilities	Council owns and maintains properties that provide services to the needs of the community.
Community spirit	Council properties support and encourage positive community activities.

Distribution of benefits
The private benefit is to the people who rent or lease the various facilities. There is a public benefit from Council's occupation of its office administration and depot premises.

Intergenerational equity
Council is not planning any increased development maintaining its current level of involvement in this activity, which should mean intergenerational equity is not an issue. The only exception is pensioner housing, for which Council is reviewing future alternatives.

Contributions to the need for the activity
There could be a risk that tenants/leasor may misuse facilities, but it is considered the impact of this will be minimal.

Costs and benefits of distinct funding
Council has appropriate systems to identify costs for each sub-activity.

Recommended funding
Operating
Rates/leases – Rented and leased property.
General rates – Administration buildings/Depots.

Capital
Rents/leases – Improvements to rented and leased property.
General rates – Administration buildings/Depots.
Asset sales assist in renewal of some property, such as plant and equipment. Grants and loans will also be used for building enhancements and additions.

Development contributions and other reserves including interest on those reserves.

3.4 ACTIVITY - SOLID WASTE

Why engage in activity
Providing solid waste services is necessary for public health and future development. Council has numerous statutory responsibilities that relate to the management of solid waste. It is the Council's responsibility to manage solid waste in an environmentally sound and sanitary manner.

Promotion of community outcome

Environment: Complete collection and disposal of solid waste ensures surrounding environment remains unchanged.

Services and facilities: The schemes are effective and efficient to meet the needs of the users.

Work and learning: This activity has provided eight new full-time equivalent jobs within the community.

Distribution of benefits

Private benefit primarily accrues to the users. There is, however, a public benefit in relation to protection of the environment and public health issues.

Intergenerational equity

This is generally an operational activity, with expenditure benefiting the users and community today. Capital works are generally through loans. It is considered there are no intergenerational issues.

Contributions to the need for the activity

People who do not recycle are charged greater fees when depositing refuse at the Refuse Recovery Centre (RRC) sites. People caught 'fly tipping' and/or littering will face prosecution.

Costs and benefits of distinct funding

As the public space litter and refuse recovery site operations are considered to benefit property owners over the entire District, the short fall on operations is charged across all property owners. Those properties which enjoy a kerbside collection are charged separately for the service.

Recommended funding

Operating

Fees and charges

Targeted rates (Urban collection, public space litter control and short fall on RRC)

Capital

Targeted rates, borrowing and reserve funds.

3.5 ACTIVITY - WATER

Why engage in activity

Council has a statutory responsibility to improve, promote and protect public health within the District and thus is required to identify the need for water supply, and either provide the supply or maintain an overview of the supply if it is provided by others. Planning for the future supply needs and monitoring water quality is also part of the Council's role.

Promotion of community outcome

Services and facilities: Delivery of this activity provides safe, potable public water supplies, accessible to all.

Distribution of benefits

Direct users clearly receive a benefit. However, there is also a public benefit in the promotion of public health.

Intergenerational equity

Operating expenditure, excluding depreciation, benefits the user of the service during the period the expenditure is incurred, hence no benefit accrues outside the time of the expenditure period. Capital expenditure has been by way of loan, so it is considered that there are no intergenerational issues.

Contributions to the need for the activity

Wasteful water users could be considered as exacerbaters but with the variable costs of the water supply being charged by metered supply, those users pay.

Costs and benefits of distinct funding

Each water supply is treated as a separate operation, with the users of that supply meeting the cost of service, both operationally and for any capital work required.

Recommended funding

Operating

Targeted rates for the fixed costs of supply.

Fees and charges for the variable cost of supply and new connections to the supply.

Capital

Targeted rates for renewals.

Loan for major works or extensions to schemes.

Reserve funds accumulated from depreciation.

Grants, if available, will also be used for enhancements and additions.

3.6 ACTIVITY - SANITARY

Why engage in activity

Council has numerous statutory responsibilities that relate to the collection and disposal of wastewater. This service is provided to meet public health and environmental standards and to support future development in the District.

Promotion of community outcome

Environment: Complete collection and treatment of wastewater ensures surrounding environment remains unchanged.

Services and facilities: The schemes are effective and efficient to meet the needs of the users.

Community spirit:	A feature of this activity is that it will go a long way to promote the District as "clean and green" with no pollution problems.
History and culture:	Effluent is land-treated, which is consistent with Tangata Whenua cultural requirements.

Distribution of benefits
Direct users clearly receive a benefit. However, there is also a public benefit in the promotion of public health.

Intergenerational equity
Operating expenditure, excluding depreciation, benefits the user of the service during the period the expenditure is incurred, hence no benefit accrues outside the time of the expenditure period. Capital expenditure has been by way of loan, so it is considered that there are no intergenerational issues.

Contributions to the need for the activity
Charges are by way of pan charges so larger users, where there are multiple pans or urinals, have increased charges.

Costs and benefits of distinct funding
Each sewerage scheme is ring-fenced, with the users of each scheme meeting the costs of the service, both operationally and for any capital work required.

Recommended funding
Operating
Fees and charges for new connection costs and targeted rates for the operations of the scheme.

Capital
Targeted rate for annual renewals, and loan for any major capital works, together with reserve funds accumulated from depreciation. Grants, if available, will also be used for enhancements and additions.

3.7 ACTIVITY - STORMWATER

Why engage in activity
Council provides a stormwater drainage system in the Opotiki urban area and at the Waiotahi Drifts subdivision, along with an efficient flood protection system for buildings, roads and properties in the Opotiki Township which assists in protecting the health and safety of the community. There are numerous statutory responsibilities that relate to the collection and disposal of stormwater.

Promotion of community outcome

Environment:	Complete collection and discharge of stormwater ensures surrounding environment remains unchanged.
Services and facilities:	The schemes are effective and efficient to meet the needs of the users.
Development:	Ensuring a dry environment gives business and community confidence for growth.

Distribution of benefits
Urban property owners are the main recipient of the benefit. However, there is also a public benefit in the mitigation of flooding, and also safety.

Intergenerational equity
Much of the operating expenditure is the cleaning of drains; the benefit accrues in the period of expenditure. There is an ongoing capital programme aligned to the urban roading programme, which goes some way to addressing intergenerational issues. One-off upgrades will be funded by loan.

Contributions to the need for the activity
The system does not treat water collected prior to discharge into the Waioeka or Otara rivers. Therefore there is a risk of pollutants entering the system from careless activities of individuals or groups. The problem is considered minor and offenders caught could be prosecuted under the Resource Management Act.

Costs and benefits of distinct funding
While it could be said that the stormwater system primarily benefits the urban area, Council sees a benefit to all and has chosen to treat the costs as benefiting the whole District.

Recommended funding
Operating
General rates.

Capital
General rates.
Borrowing
Reserve funds accumulated from depreciation.
Grants, if available, will also be used for enhancements and additions.

3.8 ACTIVITY - TRANSPORT

Why engage in activity
Public ownership of the transport network in the Opotiki District enables people and goods to move in an efficient and safe manner that avoids damage to the environment. The transport network contributes to the economic and social development of the District.

Promotion of community outcome

Environment:	Construction and maintenance of roads undertaken to accepted specifications to protect the environment.
Services and facilities:	The roading network is effective and efficient to meet the needs of the users.
Community spirit:	Without a good transport infrastructure community spirit would not grow due to lack of interaction.
Development:	Providing good infrastructure will contribute to attracting new development and business confidence.

Distribution of benefits

Users of the roads clearly receive a direct benefit. The public benefit relates to that portion of the network serving the general public. The Central Business District (CBD) upgrade is seen as a benefit to the commercial area. Where a specific group requires an upgrade, this is seen as a private benefit and Council will seek a financial contribution.

Intergenerational equity

Roading is a long term asset. There are demands for further roading as well as upkeep to the existing network. Council endeavors to ensure that the roading network is efficient and affordable, through planning and maintenance programmes which will spread costs and alleviate any intergenerational issues.

Contributions to the need for the activity

Negative effects can be caused by heavy use, such as logging, utility companies digging and repairing roads and also stock such as dairy herds crossing the roads. These effects are not measured in a manner that recovery can be sought from the perpetrator.

Costs and benefits of distinct funding

Council's view is that roading should be treated as a District cost, with the exception of cost associated with the Central Business District (CBD) upgrade which is recovered through targeted rates, 60% across the District and 40% to the commercial area of the CBD.

Recommended funding

Operating

Targeted rates - CBD upgrade
General rate
Subsidies and grants (NZ Transport Agency)

Capital

General rate
Targeted rates
Subsidies and grants (NZ Transport Agency)
Loan Finding
Development contributions and reserves including interest on those reserves
Other contributions

4. ACTIVITY GROUP: ENVIRONMENT

4.1 ACTIVITY - EMERGENCY MANAGEMENT

Why engage in activity

The Council develops and actions management plans so that the community is prepared for emergencies. Council has plans in place for dealing with Civil Defence emergencies and preventing rural fires. It is Council's role to coordinate responses to Civil Defence and rural fire emergencies.

Council has statutory responsibility to plan and provide for local Civil Defence emergency management and to undertake rural fire prevention and control in the area.

Promotion of community outcome

Environment:	The activities ensure surrounding environments remain unchanged.
Services and facilities:	The activities are effective and efficient to meet the needs of the users.
Community spirit:	Community safety builds strong and distinctive community spirit.

Distribution of benefits

Because of the large benefit to the community generally it is not possible to allocate the cost of preparedness to any individual or groups.

Intergenerational equity

The majority of this activity is of an operational nature, and hence the benefit of expenditure will accrue in the period of expenditure.

Contributions to the need for the activity

This activity is largely about being prepared. However, rural fires that require control are generally caused by people not controlling fires properly. Where identified, costs will be levied to the perpetrator.

Costs and benefits of distinct funding

This is an activity provided for the District at large, and separate funding is not required.

Recommended funding

Operating

General rates
Grants and subsidies (Civil Defence grants)
Fees and charges (charges on perpetrators)

Recoveries (from Rural Fire Authority)

Capital

There is limited requirement for capital expenditure. If required, funded from general rates.

4.2 ACTIVITY - ANIMAL CONTROL

Why engage in activity

Council's role in animal control is to register dogs, care and impound roaming animals, deal with complaints from the public that relate to animals, promote community education on dog care and safety, reduce the number of dogs in the District and enforce dog control legislation and by-laws.

Animal control assists in public health and safety and ensures that the welfare of animals is protected. There is a legal requirement for Council to be involved in animal control.

Promotion of community outcome

Environment:	Wildlife is protected from roaming dogs.
Services and facilities:	A safer and cleaner community will result from efficient and effective dog control.
Community spirit:	Provision and fulfilment of this service contributes to a sense of community pride.

Distribution of benefits

The major benefit of this service is to the animal owners, although there is a direct public benefit through safety.

Intergenerational equity

The majority of this activity is of an operational nature; hence the benefit of expenditure will accrue in the period of expenditure. A possible exception is Capital cost of pound improvements, but this is not considered material.

Contributions to the need for the activity

The service is provided almost entirely because of the actions or inactions of animal owners not controlling their dogs/stock properly.

Costs and benefits of distinct funding

This activity covers both dog control and stock control. Council has appropriate systems to identify costs.

Recommended funding

Operating

Fees and charges (dog registrations, impounded animals)

General rates

Capital

General rates (pound improvements)

4.3 ACTIVITY - REGULATORY

Why engage in activity

Council provides an administrative, processing, monitoring and decision making role in relation to resource management, building consents and inspections, public health protection, the regulation of hazardous substances, noise control and liquor. It is the Council's role to educate and assist the community in the various statutory requirements and processes under various Acts.

Regulatory activities are necessary for maintaining community safety and the social, environmental, economic and cultural wellbeing of the Opotiki District. There is a legal requirement for Council to be involved in regulatory services.

Promotion of community outcome

Environment:	By managing the physical and natural environment in such a way that maintenance and enhancement of the environment is sustainably achieved.
Services and facilities:	By responding to customer enquiries, processing applications and providing advice in a timely and efficient manner.
Development:	Sustainable growth contributes to the economic, social, environmental and cultural well-being of the community.
History and culture:	Sites of historic and cultural significance are identified and protected for the well-being of future generations.

Distribution of benefits

The public benefit component relates to the promotion of public health and safety issues. The private benefit arises from the issue of the various consents, licences or information.

Intergenerational equity

The activity is about service delivery to current ratepayers and residents. It is considered that there are no intergenerational equity considerations for this activity.

Contributions to the need for the activity

A portion of this activity involves enforcement where people carry out activities which don't have the appropriate consent or are outside the required parameters.

Costs and benefits of distinct funding

There are no unusual patterns or benefits that would warrant separate funding of this activity.

Recommended funding
Operating
Fees and charges (Consent and licence charges)
General rates (Unrecovered portion of expenditure)

Capital
There is no requirement for capital expenditure.

4.4 ACTIVITY – ENVIRONMENT AND DEVELOPMENT MANAGEMENT

Why engage in activity
The goal of the environmental and development management is to manage future growth and land use activities so that they provide a high quality environment for present and future generations. To achieve this goal Council develops appropriate land use controls for the District, fosters good working relationships with Tangata Whenua and other organisations, and prepares monitors and reviews Council policies.

This activity is vital to the achievement of a sustainable environment. The Council has a statutory responsibility to be involved in this activity under the Resource Management Act 1991.

Promotion of community outcome

Environment:	By the formulation of plans, policies, objectives, rules and standards to promote the sustainable management of the community's natural and physical resources.
Services and facilities:	By identifying, through growth management strategies and the District Plan processes, the community's infrastructure, recreation, residential, commercial, industrial and tourism requirements.
Community spirit:	Effective and strategic consultation will lead to a stronger sense of community pride and well-being.
Development:	Sustainable and managed development will ensure the community's social, economic and cultural wellbeing is protected.
History and culture:	Protection of the District's historical and cultural well-being is an integral part of the RMA and District Plan process.

Distribution of benefits
The expenditure of this activity is of general benefit to the inhabitants of the District. Specific consent applications are considered to provide a private benefit.

Intergenerational equity
There is no significant capital cost associated with this activity. Preparation of the District Plan and other policy documents have been seen as operational expenditure. As their preparation is over a period and ongoing, it is considered there are no timing issues.

Contributions to the need for the activity
This activity is principally about providing advice and facilitating land use in a structured way. There are no identified parties who affect the way in which this activity is carried out.

Costs and benefits of distinct funding
Costs are separately identified with the environmental consents processing being recovered through fees and charges. The District Plan process is seen as a charge across the community.

Recommended funding
Operating
Fees and charges
General rate

Capital
There is no requirement for Capital expenditure.

5 ACTIVITY GROUP – ECONOMIC DEVELOPMENT

5.1 ACTIVITY: TOURISM AND PROMOTION

Why engage in activity
Council provides a Visitor Information Centre, works to promote District events and is involved as a partner in Tourism Eastland.

Council's role in Tourism and Promotion is to increase the number of visitors to the district. Achieving this goal will increase the economic well being of the community and support the Strategic Plan of the Council's Tourism and Promotions Committee.

Promotion of community outcome

Environment:	Tourist attractions are enhanced or developed while protecting natural and cultural values.
Development:	Investment appropriate to the district is encouraged.
History and culture:	Appreciation of local history and culture is encouraged.

Distribution of benefits
There is a public benefit to the tourism and commercial sectors of the District. However, a portion of benefit is believed to be private benefit.

Intergenerational equity
Expenditure is likely to take a number of years to produce results. Much of the cost to the community is anticipated to be at a reasonably constant level so timing issues are not material.

Contributions to the need for the activity
Much of the expenditure is difficult to relate to individuals or organisations.

Costs and benefits of distinct funding
Costs are separately identified and the community and visitors are kept informed of coming attractions and events. Increased economic activity helps the entire district.

Recommended funding
Operating
Targeted rate (Commercial and Tourism operators/businesses)
General rates
Fees and Charges

Capital
Little or no requirement for Capital expenditure. Improvements to the Visitor Information Centre are included in the property activity plan.

5.2 ACTIVITY: OPOTIKI HARBOUR DEVELOPMENT

Why engage in activity
Council's role in relation to the Opotiki Harbour Development is planning and leading the project. Whether Council ends up being the owner/manager of the groynes has yet to be determined.

The purpose of the activity is to create a reliable entrance to the Opotiki Harbour in order to:

- Increase the overall social, economic and cultural wellbeing of the Opotiki community and the Eastern Bay of Plenty.
- Enhance recreation opportunities and public access to the coast.
- Capitalise on opportunities arising from the offshore Opotiki marine farm.
- Mitigate flooding on the Opotiki town and surrounding area.
- Achieve a long held community aspiration and a high priority Community Outcome.

Promotion of community outcome

Environment:	Access to the expansive Opotiki coast is enhanced while addressing actual or potential environmental effects.
Services and facilities:	A public facility is created which provides for a range of high-priority community needs.
Work and learning:	With the proposed marine farm, creating the harbour entrance will provide a large range of purposeful work and learning opportunities.

Distribution of benefits
Facility will be available for everyone for recreation and business.

Intergenerational equity
Throughout the term of the LTCCP, expenditure from Council is budgeted to remain constant. A large portion of the cost is to be funded from grants and funding sources outside Council.

Contributions to the need for the activity
It is considered that there are no particular groups or individuals who unduly affect this activity.

Costs and benefits of distinct funding
Costs are being separately identified and any major development will require substantial Government grants.

Recommended funding
Operating
General rates
Contributions
Grants and subsidies
Fees and Charges

Capital
General rates
Grants and subsidies
Loans
Commercial investment

6. CONSIDERATION OF IMPACT ON WELL-BEING

The requirement in section 101(3) (b) for Council to consider:

"the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community".

This is new to the legislation. Previous legislation required Council to develop, according to detailed statutory criteria, how each function of Council was to be funded. The legislation did not provide for any consideration of the overall impact of the results.

Concerns Council hold in a general sense about the affects of its financing on the community includes:

- The inappropriateness and inequity of using an asset tax based on property ownership and value to fund services that have no inherent connection with property ownership or use.
- The need to ensure that revenue and financing mechanisms do not work to prevent access to core Council services by the less well off in the District.
- The need to manage change in the distribution of the funding needs of Council gradually, so that the impact of change can be assimilated gradually.
- The need to ensure that the financing mechanisms used to fund Council's present activity leave the Council well placed to meet its future funding needs.

Policy: Liability Management

Introduction:
The Liability Management policy explains Council's approach to borrowing, cash management and other liabilities. It sets out how Council will manage its liabilities in the future, so that as part of Council's overall financial management, liabilities are managed in a manner that promotes the current and future interests of the community.

The policy ensures that liabilities are maintained at a level to allow Council to make provision in the Community Plan to meet the future expenditure needs of Council.

1 LOCAL GOVERNMENT ACT 2002

1.1 RELEVANT PROVISIONS

The two main sections of the Act which impact the liability management policy are:

- 102(4)(b) which requires a local authority to adopt a liability management policy, and
- 104 which details the minimum content of the liability management policy.

Both these sections are within sub-part 3 of Part 6 of the Act and this portion of the Act came into force on 24 December 2002.

1.2 OBJECTIVES

The following objectives can be identified:

- prudence, particularly in relation to overall debt levels
- flexibility
- risk management
- liquidity management
- inter-generational fairness, and
- minimisation of the total cost of borrowing.

For reasons discussed below, it is not considered appropriate to relate inter-generational fairness to borrowing policy. Otherwise, these objectives are, in general, appropriate for the Council's position as a prudent financial manager of public funds.

1.3 PRUDENCE

After separating out a number of aspects of this concept, such as the minimisation of risks and the total costs of borrowing, prudence requires the Council to ensure that its borrowing is completely consistent with its long-term financial stability. The key to this, as has been correctly identified, is the maintenance of strong financial ratios. Prudence also requires the creation of control systems that are sufficient to ensure that decisions are taken by persons with appropriate skills and levels of responsibility.

1.4 FLEXIBILITY

The Borrowing Management Policy should seek, in so far as it is consistent with prudence, to take full advantage of the flexibility offered by the new regime. Laying down inflexible rules carries costs in terms of foregone opportunities and/or the process of later rectification. Borrowing constraints should relate to principles, rather than specific rules, so that substantive flexibility is maintained. Procedural controls that require Councillors to obtain appropriate advice and that restrict decision making to appropriate levels are the preferable method of maintaining control.

1.5 RISK

Borrowing exposes the Council to two principal risks:

- *Interest-rate risk* – The Council should seek to minimise its exposure to market conditions, particularly interest rates, prevailing at any one time. This has implications for the way in which debt is issued, the maturity profile of issued debt and the process of refinancing.
- *Credit risk* – This is the risk that a party to a transaction, such as a counter-party or a financial intermediary, may not settle a transaction, and that the default may have negative consequences. This risk, however, is relatively minor in a situation where the Council is a borrower, as opposed to being a lender or investor.

The Council should endeavour to minimise its exposure to these risks, recognising that there are trade-offs between the reduction of risk and the certain cost of doing so.

1.6 LIQUIDITY MANAGEMENT

The Council should ensure that it is able to meet its obligations as they fall due. These include ongoing operational expenditures and the repayment of maturing debt obligations which are not being refinanced.

1.7 INTERGENERATIONAL FAIRNESS

The fundamental necessity from a fairness perspective is for the benefits of a project to ratepayers and fee-paying users to match, as far as practical, their contributions towards them in the form of rates and user-charges. As such, it may be highly relevant to overall funding policy and the long-term financial strategy.

However, this does not necessarily require the Council to repay borrowings within the same time frame. The requirement that loan terms match the particular project funded by the borrowing was part of the previous regulatory regime. It effectively required authorities to undertake specific, project-based borrowing for any major project, and set the term of repayment according to a schedule in the Gazette. This type of arrangement increased transaction costs, hampered the Council's ability to control interest-rate risk and consequently increased the long-term total costs of borrowing.

The new regime removes this restriction. Councils should use it by adopting an holistic approach to its debt insurance and focusing on the total borrowing requirements of its balance sheet. However, because of the nature of the current borrowing, it is likely to be some years before this holistic approach is adopted by Council.

1.8 MINIMISATION OF THE TOTAL COST OF BORROWING

In entering into a borrowing transaction, the Council, through the officers to whom responsibility has been delegated, should make sufficient inquiries to enable the selection of the transaction that, out of the set of currently available options, has the lowest total costs. Total costs in this context include internal administrative costs, the commitment of managerial resource, the interest expense, advisory fees and transaction costs specific to the form of debt issued. The sum of these costs, rather than any individual item, should be minimised. For example, opting for the form of borrowing that results in the lowest fees can carry other costs, such as a higher yield, that makes it more expensive overall.

It is imperative that a long-term view of the costs of borrowing be undertaken, and the trade-offs between this and other objectives be realised. In debt policy, as is the case in all finance, there is a natural correlation between the risk and return of any course of action. For example, a debt transaction that minimises the interest rate payable at issue could involve a potentially disadvantageous refinancing risk, because of the dependence on a particular set of interest rates for subsequent refinancing that can be created.

1.9 SPECIFIC POLICIES

In this section, specific policies are in bold below. The other text is a commentary on the rationale behind the policies.

1.10 INTEREST RATE EXPOSURE

Borrowing Policy 1[a]
The total amount of debt should, in so far as it is possible and practical, be spread evenly across the range of possible maturities.

A flat "maturity profile" minimises the Council's exposure to the particular set of interest rates that might prevail at any one time. The possibility of extreme gains and losses are avoided in favour of a long-run average interest cost.

There is a natural limit to this process. As the size of each tranche decreases, the transactions costs of Council's total debt increase. Tranches should be of a sufficient size to prevent these costs from becoming excessive.

This statement of principle is relatively broad, and should allow for the range of possible market circumstances that may occur.

Borrowing Policy 1(b)
The Council will seek to minimise the initial cost of borrowing, in respect of any particular transaction, by making appropriate inquiries about the set of currently available costs structures and selecting the option with the lowest total costs.

In respect of existing borrowing, the Council will review, as often as it feels is appropriate, currently available total costs of borrowing to see if significant savings are possible. Any refinancing of debt must comply with other aspects of the borrowing management policy.

If current interest rates are substantially lower than that currently being paid by the Council, then it may be appropriate to refinance. Note that this should be on the basis of currently available interest rates, as opposed to forecasts of future rates, as discussed below. Other cost factors, such as the transaction costs of refinancing, must also be considered. If the refinancing involves a substantial portion of the Council's overall debt, special consideration must be given to how it can be made compatible with the Council's overall maturity profile.

Borrowing Policy 1[c]
Attempts to identify advantageous interest rate trends and committing the borrowing programme to forecasted rates will be avoided. In general, no attempt should be made to borrow or not to borrow in anticipation of future trends.

If, as is widely believed, interest rate markets are efficient, then there is no basis for assuming that a particular trend in interest rates will persist into the future. If markets are not efficient, there are still formidable difficulties for a Council in trying to be a winner when experienced dealers, fund managers and corporate treasury departments are often wrong-footed. In short, making borrowing decisions on the basis of trends in interest rates should be regarded as highly speculative.

The average outcome of operating an active treasury policy is possibly neutral in terms of the long-run interest rates achieved. The predominant concern is the volatility to which the Council is exposed. Furthermore, the additional transactions costs that active treasury management generate mean that the long-run total costs are likely to be greater, relative to the passive approach we propose.

Borrowing Policy 1[e]
When it is appropriate to do so, borrowing exposures may be hedged. Any delegation of this power will relate to only one specific transaction or a specific series of linked transactions.

Before resolving to hedge an exposure or delegate authority, Council must obtain specific assurances from independent expert advisors and satisfy itself that:

- **the risk to Council from an existing transaction without the hedge is greater than the risk it would be subject to from that transaction and the hedge combined; and**
- **the reduction in risk is sufficient to justify the cost of the hedging instrument.**

The dangers in the use of advanced financial products have been amply documented in markets around the world in the last decade, and any local authority should approach them with every caution. However, it is important to realise that hedging instruments can either be used speculatively, i.e., to increase risk, or to offset the risk of another position.

If properly advised, the use of hedges to offset risk may be to the Council's advantage. It could be particularly appropriate when the scale of the transaction is such that there is a significant exposure to a prevailing set of interest rates. By the execution of offsetting interest rate contracts or the use of other sophisticated tools, the dangers associated with any large position can be minimised.

In deciding whether to use a hedge, two factors should be considered. First, the Council must be confident that the proposed transaction is a genuine hedge, i.e., that it does in fact reduce total risk. Secondly, the cost of the hedge must be justified by the reduction in risk that is achieved.

If a Council was absolutely certain of the answers to these two questions, then a hedge is appropriate. However, because of the complexity of such devices, a special regime for their approval and for reliance on advisors is probably appropriate. A particularly important aspect is the requirement for advice from experts in financial products who are independent of the advisors who proposed the transaction.

1.11 LIQUIDITY POLICY

Given the revised focus of the interest policy, it is better to refocus this policy on standard liquidity issues. The main requirement, as noted above, is for there to be sufficient funds available at any time to meet cash obligations as they fall due. This requires a consideration of the Councils on-hand funds, maturing debt obligations and short-term borrowing capacity.

The objectives relevant to the liquidity policy should be prudence, flexibility, the minimisation of the total costs of cash management and the minimisation of risk. Because the latter two concerns are the subject of their own policies, the focus of the liquidity management policy should be on prudence and the cost of cash management.

Short-term borrowing for the purposes of cash management may be required. The most obvious way to borrow in the short term is by the use of an overdraft facility. This provides the maximum flexibility while minimising transaction costs, somewhat at the expense of higher yields.

Because of the importance of day-to-day flexibility in the handling of overdraft facilities, authority within certain limits should be delegated to a senior executive in the Council's management. Rules providing thresholds that require the Chief Executive's written approval, and greater thresholds requiring Council approval, should balance the need for flexibility and prudence. While the limited scope of our assignment means that any particular rules we suggest in this area must be regarded as tentative, the basic structure of the policy should be as follows:

Borrowing Policy 2
The Council will ensure that it has, at all times, sufficient funds available to meet its obligations as they fall due. Potential sources of funds include cash deposits, committed but undrawn lines of credit and short-term funding.

Council may borrow funds on a short-term basis to provide for efficient and effective cash management. Borrowing under this policy shall be used for the purpose of meeting temporary shortfalls in revenue, and will not be used as a permanent source of funds.

Council may delegate responsibility for establishing short-term debt and overdraft facilities and/or the day-to-day management of any Council overdraft facility to the

Chief Executive.

The Council may, from time to time, require approvals from the financial officer for:

- **The use of a Council overdraft facility to pay for any single expenditure or set of related expenditures where the total value of that expenditure is greater than a set amount.**
- **A change greater than a set amount in the 30-day balance of a Council overdraft facility.**

1.12 CREDIT EXPOSURE POLICY

In any financial transaction, there is a risk that the counter-party may be unable or unwilling to settle the transaction as agreed. In the borrowing context, risks exist mainly in respect of:

1. financial products, such as swaps, where the counter-party is a financial advisor; and
2. committed but undrawn lines of credit, where the counter-party is a lender such as a bank.

These risks are minimised by limiting the Council's dealings to counter-parties with appropriate industry standing, financial adequacy and track record.

Borrowing Policy 3
Council will satisfy itself, in all its borrowing transactions, that counter-parties:

- **are financially adequate;**
- **have an appropriate industry standing; and**
- **have an appropriate track record.**

In sufficient degree to give the Council reasonable certainty that obligation under concluded contracts will be performed.

1.13 DEBT REPAYMENT POLICY

Borrowing Policy 4
Loan terms are to be set to ensure that the overall borrowing is consistent with an even spread of debt maturities.

Where repayment by the use of a sinking fund or loan repayment reserve is contemplated, sufficient funds will be provided to enable the repayment of the loan at the time contemplated.

This policy gives effect to the objective of minimising the Council's interest rate risk.

1.14 POLICY ON SPECIFIC BORROWING LIMITED

With the credit exposure policy refocused on the counter-parties, this policy should concentrate on the actual limits on amounts borrowed. These are appropriately stated in the form of the ratios involving total debt, short-term debt, and interest expenses below. The main concern is that some slightly different terms should be used to fairly reflect the special nature of a local authority and to avoid confusion.

Borrowing Policy 5
Definitions:

- **'net interest-bearing debt' is total debt less cash balances and short-dated deposits.**
- **'net annual interest expense' is the gross annual interest expense less annual interest income. In this context, 'interest' includes all the costs of borrowing – the yield on the loan, fees and expenses.**
- **'net cash flows from operating activities' is the residual amount after all expenditures on operating activities, but before abnormal or extraordinary items.**
- **'short-term debt' is all debt maturing within one year.**
- **'short-term available funds' includes cash balances and deposits maturing within one year.**

The Council must ensure that its borrowing satisfied the following ratios:

Net interest-bearing debt / Total revenue	**≤120%**
Net interest expense / Total revenue	**≤10%**
Net interest expense / Rates revenue	**≤15%**
Net cash flows from operating activities / Net interest expense	**≥ 2**
Short-term available funds / Short-term debt	**≥ 2**

1.15 INTERNAL BORROWING FACILITIES

Prior to making any commitment to borrow externally, consideration must be given to the availability of funds internally. This requires consideration of cashflow implications and the likelihood of the funds being required.

Borrowing Policy 6
Funds may be borrowed on a fixed or floating term basis. Specific loan documentation must be prepared and the loan duly authorised by Council.

The borrowing rate to be applied for the loan will be halfway between the rate at which Council could invest and the rate at which Council could borrow on the particular day the loan is required and for the appropriate term. This rate may be revised by the Council if there is a shift in external markets.

Details surrounding internal loans (amount, interest rate, maturity date, fixed or floating) are to be included as part of the monthly report to Council.

1.16 POLICY ON THE PROVISION OF SECURITY

In general, the provision of security should result in a reduced total borrowing cost, as it reduces the risk to the lender. It is not generally appropriate for such a benefit to be transferred to a lender without some confidence that value has been received in exchange. For this reason, we suggest a slight change in the wording of the policy in this respect. More particularly, as it recognised in respect of fixed assets, the price of borrowings is affected by the kind of security offered. Comparisons of different options must recognise the trade-off between the security to be provided and the interest cost of borrowing, and require transactions that involve the giving of more onerous forms of security to be less expensive.

Security over fixed assets should also be flexible. However the giving of any form or security over land received from the Crown for a specific purpose, or land vested under the Reserves Act 1977 or over assets held under a trust or endowment, should be prohibited.

Borrowing Policy 7
In general, Council will secure its borrowings against its rate revenue.

Council is prepared, subject to prohibition on any form of security over land received from the Crown for a specific purpose, land vested under the Reserves Act 1977, or over assets held under trust or endowment, to give security over its assets. Before giving security against any assets, Council must be satisfied that doing so is fairly reflected in the cost of borrowing. Comparisons of the cost of borrowing between different alternative borrowing transactions must account for different requirements as to the giving of security.

1.17 POLICY ON THE GIVING OF LOAN GUARANTEES

Borrowing Policy 8
Council may act as a guarantor to bank loans for an incorporated organisation which will provide, improve, or develop amenities for recreation, amusement or the instruction of the public.

The total combined amount Council may guarantee at any one time shall not exceed 3% of the total rates levied in any year, and;
The maximum amount Council may guarantee to any one qualifying organisation shall be 0.75% except that in special circumstances the limit of 0.75% may be exceeded, and;

Each organisation that receives a Council loan guarantee shall provide to Council:
- **a six monthly unaudited financial report within 3 months of the first 6 months of the financial year, and;**
- **an annual audited financial report within 4 months of the balance date, and; that the bank lending the money to the qualifying organisation be required to provide Council with a financial statement each year that shows the principal outstanding at the end of that period and payment made during the year.**

The provision of a guarantee should enable the provision of goods or services at a lower cost because of a reduction in the organisation's cost of interest. This indirect benefit to the Council must be weighed against the lack of control associated with guaranteeing the obligations of another party, the increased risk to the Council that is involved and whether there are any offsetting considerations, such as the potential availability of assets to offset obligations under the guarantee.

It is appropriate to cap the limits on the total to be guaranteed, both overall and to any one organisation. Because, however, a guarantee is a contingent liability on the balance sheet, it may be better to benchmark the limit against the amount to be guaranteed against net realisable assets, rather than rates revenue.

The specific requirement that the loan principal amortise over the life of the loan is probably unnecessarily strict. In that it may reduce the Council's risk it is a factor that would merit consideration in any particular case, but it may be weighed against the total cost of different alternative forms of borrowing, the financial soundness of the guaranteed party, and so on. Similarly, the requirement for a particular term of a guarantee seems unnecessarily restrictive.

Monitoring of the guaranteed party is a first step towards limiting the Council's risk. Consideration should be given to requiring notice of any abnormal or extraordinary events that relate to substantial change in the nature, objectives or functions of the guaranteed organisation, or that could affect the ability of the guaranteed organisation to meet its financial obligations. Notice would be required as soon as the event occurred or became reasonably possible to occur.

The most serious lapse is the absence of substantive controls on guaranteed organisations, as opposed to purely procedural reporting requirements. There should be rules requiring organisations to maintain their ability to meet their obligations, analogous to interest coverage ratios and balance sheet ratios required of the Council by the borrowing limits policy. These rules are yet to be developed.

The remedies for the failure of a guaranteed organisation to comply with the agreement to guarantee its obligations require consideration. While the terms of a particular agreement to guarantee should specify the remedies available to the guarantor, these remedies must lie purely against the guaranteed party. They cannot, as a matter of contractual privacy, affect the rights of the lender.

Policy: Investment

Introduction:
The Investment policy identifies how Council will manage its range of investments including cash, special funds and shares. Council has total investments of $2 million as at 30 June 2008, the last date when audited accounts were prepared.

1 LOCAL GOVERNMENT ACT 2002

1.1 RELEVANT PROVISIONS

The two main sections which impact in the Investment Policy are:
102(4) (c) of the LGA which requires a local authority to adopt an Investment Policy; and
105 which details the minimum content of the Investment Policy.

Both sections are within sub-part 3 of Part 6 of the Act and came into force on 24 December 2002.

1.2 OBJECTIVES

The following objectives are relevant to investment:

- prudence;
- flexibility;
- minimisation of risk and maximisation of returns; and
- ensuring the availability of funds.

1.3 PRUDENCE

With other matters dealt with as separate objectives, the main issue in relation to prudence is the establishment of systems that allow decision making to occur at appropriate levels. As with borrowing, defining the scope and limits of delegation is an important component of any investment policy.

1.4 FLEXIBILITY

Most of the liberalisation in investment policy dates from an earlier amendment, which removed the concept of approved investments and replaced them with relatively wide discretions. Within the parameters required to conform with other objectives, the Council should aim to take advantage of the wide range of opportunities at its disposal.

1.5 MINIMISATION OF RISK AND MAXIMISATION OF RETURNS

The inherent trade-off between these two objectives means that they are best dealt with jointly. The Council should:

- explicitly acknowledge the need for a balance to be struck between minimising investment risk and maximising returns;
- describe its individual risk preferences and their implications for classes of investments that it will and will not invest in.

Prudence requires a degree of conservatism in investments, meaning that the Council should be more risk-averse than the average investor. Therefore, it should predominantly invest in low-risk, low-return investments. Higher risks should require disproportionately higher returns and special controls.

1.6 ENSURING THE AVAILABILITY OF FUNDS

In general, the availability of invested funds must be matched to planned expenditures. Additionally, as the Council may have unanticipated expenditure needs from time to time, it is important that at least a proportion of its funds are available as may be required.

These different needs can be accommodated by considering the liquidity and duration of investments. Duration refers to the length of time before an investment reaches its planned maturity. Liquidity refers to the ease with which funds invested can be cashed up before an investment matures.

The maturity date of investments must be such, or the investments otherwise sufficiently liquid, that planned expenditures are not hindered by a lack of available funds.

1.7 SPECIFIC POLICIES

Rather than by naming the specific attributes of acceptable investments, the policy defines principles that allow a decision to be made in any case as it arises. This optimises the flexibility of the investment policy while maintaining principled control of the whole.

1.8 APPLICATION OF POLICIES TO NEW AND EXISTING INVESTMENTS

The treatment of new investments must be outlined in the investment policy. There should be a statement to the effect that existing investments will be reviewed for their consistency with the policy, and that new investments will be made only where they are consistent as a whole.

Investment Policy 1[a]

This investment policy applies to all liquid investments of Council. Investments property or similar investment acquisition will be by separate resolution of Council.

Investment Policy 1[b]
Council's existing investments will be reviewed to determine whether, as a whole, they conform with this investment policy. Any future investment will be made only if, after the investment, the Council's investments as a whole conform within this investment policy.

Investment Policy 1[c]
The acquisition of new investments will only be considered as liquidity allows. Such investments will conform with this investment policy.

1.9 DEFAULT RISK (RISK ASSESSMENT)

Default risk, also called credit risk, is the danger that an issuer/borrower will not be able to meet interest or principal payments when due.

The creditworthiness, or the degree of default risk, is established through a fundamental financial analysis of the issuer. Information on larger borrowers can be obtained from ratings awarded by debt rating agencies such as Standard and Poors and Moodys investor services. Regard must also be had to the nature of the investment with a particular issuer. Senior, secured debt is obviously superior to subordinated debt, which in turn is superior to equity, and so on.

Default risk is minimised by portfolio diversification (discussed below) and restricting investments to issuers that have quality ratings or investments that are otherwise considered to be financially sound.

Investment Policy 2[a]
The risk of default in respect of any individual investment will be minimised by the selection of quality investments. For the purposes of this policy, this means that investments will generally only be made in the senior debt of issuers that are rated "A-" or better by Standard & Poors or Moodys.

Other investments may be made by an officer of the Council with its delegated authority, who shall have regard to the risk of default in determining whether to make any investment.

The Council may, from time to time, wish to promote the development and expansion of commercial organisations through the advance of funds. It should be recognised that, while there may be sound reasons to justify the advances, this may involve a departure from normal investment policy. The following provision is to cover this eventuality.

Investment Policy 2[b]
The Council may, in its discretion, depart from this policy 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 on default risk, and give the reasons justifying that departure.

1.10 EXPECTED RETURN

The Council should, within the parameters of other policies, seek to maximise the returns on its investments. The returns must, however, be commensurate with the risk involved.

Government stock is regarded as a risk-free investment and as such is the benchmark from which the pricing of other investments is determined. It is only rational to accept a higher risk if the expected return is also higher. Although greater returns *may* be achieved by investing in securities issued by corporates, such as company debentures, the fund manager must always remember that the higher yield represents the extra margin which is generally required to compensate the investor for increased risk.

The best way for Council to approach the risk-return trade-off is to set limits on the level of risk it will undertake, beyond which it will not invest, and seek to maximise returns within those constraints.

Investment Policy 3
Within the constraints the Council has adopted on the different types of investment risk, the expected return on all funds invested should be commensurate with the risk involved, according to the following rules:
If a potential investment carries greater risk than is consistent with the Council's risk then an investment will not be made, irrespective of the expected returns.

Where there are two investments of equivalent risk within the Council's risk constraints, the investment with the higher expected return shall be selected.

If there are two investments of different risks, but both are within the Council's risk constraints, an assessment will be made of the trade-off between the risks and expected returns of the two options. The investment that is considered to be the most attractive for the Council, having regard to prudence, the risks and the expected returns, will be selected.

1.11 LIQUIDITY AND DURATION

The liquidity and duration of investments must be an important consideration in respect of the overall investment portfolio. The failure to match the availability of funds to expected cash flows, or to provide for unexpected outflows, can carry considerable costs in the form of short-term bridging finance.

The ability to liquidate an investment is determined by the existence of potential buyers. A lack of liquidity may force the seller to discount the price below its current market value. Liquidity is affected by the characteristics such as the creditworthiness of the issuer and the volume of supply.

The duration of investments can vary from a one-day term, such as call deposits, to a long-term, such as 10 years. When investments are less liquid, the maturity of the investment becomes a more important consideration.

It should be recognised that the presence of particular market conditions and the condition of the Council's overall portfolio may sometimes justify an inflexible commitment of funds. Whether this will be so in any instance will depend, in part, on whether the rest of the Council's portfolio is arranged, or can be arranged, to provide sufficient cash as it is required.

Investment Policy 4
Council's portfolio shall be arranged to provide sufficient funds for planned expenditures and to otherwise allow the payment of obligations as they fall due. Individual investments shall be chosen with regard to:

- **the period of time for which the funds are surplus to requirements;**
- **the maturity of the investment;**
- **the ability to liquidate investment before its maturity;**
- **the extent to which the portfolio already provides funds as required; and**
- **market conditions**

1.12 MIX OF INVESTMENTS

An important method of reducing the exposure of the Council to any single bad investment is to spread the amount invested across a number of investments. This reduces the danger of extreme losses but also reduces the possibility of large gains.

As the balance between the loss of low and high extremes is roughly even, in practice the desirability of diversification is limited by the increased administrative costs and the non-marketability of small parcels that results as it becomes more extreme.

It is proposed that classes of investment be defined according to the level of risk associated with a single investment in that class, and to set limits on the amounts to be invested in single investments and the class of investments.

Investment Policy 5
Classes of Investments:
The following will be classes of investments for the purposes of this investment policy:

- **Risk-free and near risk-free investments: securities issued or guaranteed by the New Zealand government and local authority stock secured by rates.**
- **Low-risk investments: the senior debt of issuers with ratings equivalent to a Standard and Poors rating of "BBB-" or better.**

Investment by class:
Limits on investment in any of the above classes of investments shall be as follows:

- **Near risk-free to risk-free investments: in any one class, up to 100% of the total assets available for investment.**
- **Low-risk investments: up to 100% of total assets available for investment, provided these funds are invested with the four major Trading Banks; otherwise, up to 60% of the total assets available for investment.**
- **Medium to high-risk investments: nil exposure, subject to specific Council authorisation.**

Individual investments:
Limits on any one investment shall be as follows:

- **Risk-free investments; up to 100% of the total assets available for investment**
- **Near risk-free investments; no more than 100% of the total assets available for investment**
- **Low-risk investments; no more than 45% of the total assets available for investment, provided that the amount invested with the Council's banker may be up to 85%**
- **Medium to high-risk investments; nil exposure, subject to the Council's direction or delegated authorisation**

1.13 SETTLEMENT RISK

One way to mitigate investment settlement risk is the adoption of costly, time-consuming verification procedures for the transfer of funds and securities. In general however, it is better to concentrate on the soundness of the other parties to the transaction. The critical factors that mitigate settlement risk are similar to those stated in the borrowing management policy in relation to credit risk:

- appropriate industry standing;
- financial adequacy; and
- track record

Investment Policy 6
The Council will satisfy itself, in all its investment transactions, that counter-parties:
- are financially adequate,
- have an appropriate industry standing, and
- have an appropriate track record,
- is sufficient to give the Council reasonable certainty that obligations under concluded contracts will be performed.

1.14 DISPOSITION OF REVENUE AND PROCEEDS

Investment Policy 7
Returns from investments, after the deduction of expenses, will be applied according to the following priority:

i. **In accordance with the terms of the disposition that originally provided the funds for the investment, or which established the fund from which the funds came, if any;**
ii. **In accordance with any resolution of the Council;**
iii. **To the Council's general operating revenues.**

1.15 MANAGEMENT AND REPORTING

Delegated authority to approve investments is to rest with the Chief Executive. However, for practical reasons, the power to negotiate such investment needs to be extended. The provision relating to default risk needs to be specifically noted, together with the operational procedures.

Investment Policy 8[a]
The Chief Executive shall have delegated authority to negotiate and authorise any investment transaction within the approved policy.

Documented treasury operational procedures for investment activities will be prescribed by the Finance Manager and approved by Council.

Operational Procedures will, where possible, ensure:

- That there is clear segregation of duties between the person negotiating treasury arrangements and those authorising treasury arrangements.
- All investments are recorded by the issue of a sequentially numbered deal ticket.
- Written confirmations from counter-parties are matched to the related deal ticket.
- Transactions are made only with approved counter-parties.
- Transactions comply with legislative requirements.
- Monthly reconciliation between the statement of investments, external confirmation of investments on hand, and general ledger balances. This is to be independently reviewed by the Finance Manager.
- That there is close control over daily and weekly cashflow so that Council's working capital requirements are met.

A quarterly report is made to the Council (for the-three month period 30 September, 31 December, 31 March and 30 June each financial year).

Included within this report are:

- details of investments on hand at the end of the quarter, including the names of counter-parties, sums invested with each, terms of each investment, and interest rates being earned;
- the average earnings rate on investments made during the quarter;
- a commentary on movements in interest rates during the quarter and the effect of these on anticipated returns for the financial year. This will include a comparison to interest rates earned over the previous six months.

However, quarterly reporting is not satisfactory on its own. A monthly summary report to supplement the quarterly reports is also to be prepared for Council.

Investment Policy 8[b]
The Finance Manager shall produce an "Investment Change Report" at the end of every calendar month during which there has been a change in the way more than 5% of the total assets available for investment has been invested.

This report will detail, in respect of every investment (or related series of investments) involving 2% or more of the total assets available for investment, the following information:
- the source of funds;
- the nature of the investment, in sufficient detail to enable its thorough independent investigation;
- the reasoning behind the investment

Policy: Remission of Rates on Maori Freehold Land

Introduction:

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

1. BACKGROUND

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

2. DEFINITIONS

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

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

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

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

3. PRINCIPLES

The principles used to establish this policy are:

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

4. OBJECTIVES

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

Council will review the Register annually and may:

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

Policy: Rates Remission on General Land

Introduction:

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

1 Community, sporting and other organisations

Preamble

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

Part 2:
Land 50% non-rateable:

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

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

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

Objective

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

Applications for remissions shall be considered by Council.

Policy: Rates Postponement on Maori Land

Introduction:

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

1. Objectives

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

2. Conditions and criteria

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

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

Persons 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 is discretion, partially remit rates that are otherwise subject to postponement.

Policy: Postponement of Rates in Cases of Extreme Financial Hardship

Introduction:

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.

1. Preamble

The Council has 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.

2. Objective

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

3. 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.

Policy: Development Contributions

Introduction:
The Development Contributions policy outlines the development contribution an applicant is required to make once resource consent or building consent is granted. A development contribution is a contribution of money, land (including reserve land) or works, or a combination of all three.

1. Preamble

Under the Local Government Act, the Council is required to have a policy on development contributions as part of its funding and financial policies in its Ten Year Plan. Development contributions may be required from development if the Council has such a policy in place.

Financial contributions are currently taken by Council as consent conditions for subdivision and land use activities approved under the Resource Management Act (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. It has become apparent to Council that community facilities are not being developed to keep up with growth in the area.

This is particularly the case for community infrastructure in the District. Accordingly, Council has resolved that it is necessary to secure additional funds for new recreation facilities and roading, part of which should be funded by new development in the District. Accordingly, this development contributions policy applies to community and network infrastructure, in particular the funding of recreation facilities and roading.

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. The roads in question are listed in Appendix A of this policy.

It is Council policy to use development contributions for its seal extension programme.

The level of development contributions for community and network facilities will be reviewed annually by Council.

2. Development policy

It is the policy of the Opotiki District Council ('the policy') to collect development contributions from developers for community and network infrastructure (these terms are defined in Appendix A to this policy).

3. Circumstances where a development contribution is payable

The policy applies to all buildings that will be used for residential purposes, (including visitor accommodation), and any industrial or commercial activities as defined in appendix A of this policy.

The policy will apply to developments where applications for resource consents, subdivision consents or building consents are granted after 30 June 2004.The policy is not intended to:

- apply to building consents classified by Council as garages, fireplaces, or alterations (where the gross floor area of an existing building is not increased by more than 50%); or
- apply to building consents for buildings accessory to farming, forestry, marae, urupa and private cemeteries, Council reserves, and temporary activities (a project of not more than 12 months duration).

The background to this policy is outlined in Appendix B.

4. Capital expenditure for community and network infrastructure

Development contributions will only be required to meet the components of capital works projects for community infrastructure arising from growth, with Council funding the remaining costs of capital works for other community facilities from other sources.

Development contributions will be taken on a District-wide basis. This is because the catchment areas for community infrastructure are considered to be District-wide.

The tables in Appendix C summarise the total estimated capital expenditure on all community and network infrastructure over the next 10 years and the proportions of that expenditure to be met by development contributions.

5. Distribution of benefits

It is Council policy that development contributions are required from development on a District-wide basis for the funding of capital expenditure for growth for community and network infrastructure.

Recreation facilities and roading are of benefit to the whole District, being available for use by everyone. Recreation facilities and roading help address issues of health, welfare and education which are issues of general benefit. Roading facilities ensure a high level transport network linking the District's communities.

The Council has allocated the additional capacity/growth component of capital works projects only among the units of demand generated by new development.

Community and network infrastructure needs span generational needs. In general, the community draws benefits from community and network infrastructure in relation to its life cycle. For example, use of swimming pools and indoor recreation centres in earlier years, a library throughout life, and a cemetery in later life. Roading is an ongoing facility used by everyone in increasing numbers.

6. Policy timeframe

The Development Contributions policy has been developed around a 10-year time-frame, which is based on capital expenditure forecasting information held by the Council.

It is expected by the Council that the benefits of the capital works projects identified, some of which are already available to the District where community infrastructure has been built in anticipation of growth, will extend beyond the 10-year time-frame used, according to the life of the particular asset built. This is especially true of roading, which has a 50 year time-frame and beyond.

7. Requirement for development contributions

Council policy is for development contributions to be required from new development in the form of money or land or both, at the Council's discretion, for capital expenditure for growth for community infrastructure according to the calculation of development contributions specified in Section 10 below.

Development contributions taken by the Council under the LTCCP relate directly to the expected cost of development on current and future community and network infrastructure, and in particular recreation facilities and roading. The existing financial contributions taken by the Council under the District Plan for reserves and other network infrastructure will still apply since these charges relate to mitigating environmental effects on land.

The requirement for a development contribution will apply to all activities listed in Table A1, section 9, except for:

- garages, fireplaces, or alterations (where the gross floor area of an existing building is not increased by more than 50%); or
- buildings accessory to farming, forestry, marae, urupa and private cemeteries, Council reserves, and temporary activities (a project of not more than 12 months duration).

Generally, the maximum level of development contributions will be required on development over and above that existing at the time of an application, thereby creating additional units of demand.

Under this policy, development contributions will be assessed with the applicant on or before the lodgement of a resource consent or building consent and must be paid prior to the issue of a Section 224 certificate (RMA) in the case of a subdivision; and must be paid prior to the issue of a resource consent or a building consent in the case of a development.

The event that will give rise to a requirement for a development contribution is the earlier of:

a. the granting of a resource consent under the Resource Management Act 1991; or

b. the granting of a building consent under the Building Act 1991 or subsequent legislation.

8. Statement on Goods and Services Tax (GST)

All dollar amounts stated in this policy, and all inputs to calculations capable of being assessed in dollars, are exclusive of Goods and Services Tax (GST). Pursuant to the Goods and Services Tax Act 1985, the requirement by the Council of a development contribution and the payment by a developer of a development contribution are taxable supplies of goods and services and so are subject to GST.

9. Units of demand

The Council has apportioned the cost of capital works projects between additional capacity/growth and improved level of service. The additional capacity/growth component of capital expenditure has been allocated to growth on the basis of units of demand generated by new development only. The basic unit of demand is the single household unit. Table A1 sets out the different factors used to adjust units of demand for different land use types.

Council have included commercial and industrial growth in its overall growth calculations to take account of the economic and social impact on community facilities of the proposed aquaculture, harbour entrance improvements, potential mussel processing plant and any inner harbour development. These growth issues and predicted effects on the economy of the area are detailed in the URS report entitled URS (June 2005) Opotiki Harbour Development Social and Economic Evaluation.

This figure will be subject to change depending on the number of subdivisions and developments in any given year. For this reason the figure will be reviewed by way of the triennial Ten Year Plan review

The Council has determined that units of demand for different land use types shall be as follows (note: the total units of demand will be whichever is greater – the site or the development):

TABLE A1: UNITS OF DEMAND APPLICABLE TO DIFFERENT ACTIVIES

ACTIVITY	DEMAND FACTORS
Subdivision	
One residential site	1.0 unit of demand
Development	
One household unit	1.0 unit of demand
One visitor accommodation unit	0.6 units of demand
Industrial development	1.0 unit of demand for each 500m^2 of site area developed
Commercial development or mixed-use development	0.8 units of demand for each 185m^2 of Gross Floor Area developed

The units of demand listed above under ‘demand factors’ are proportional. That is, if an industrial development is 750m^2 the unit of demand would be 1.5.

10. Calculation of development contributions required from development

Where:

DC Development contributions payable

A The applicable rate of development contribution per unit of demand as specified in Table A2

B The total units of demand for the site or total units of demand for the development, whichever is greater

The development contributions payable for community infrastructure will be calculated by:

DC = A x B

TABLE A2: DEVELOPMENT CONTRIBUTIONS FOR COMMUNITY INFRASTRUCTURE

Recreation Facilities & Roading	Growth Componen 10-year Capital Works Projects	Total Units of Demand	Development Contributions Rate per Unit of Demand
Recreational District-wide	$1,695,484	712	$2,381
Roading District Wide	$829,500	712	$1,165

The dollar figure in the “Development Contributions Rate per Unit of Demand” column is the rate of development contribution required for community infrastructure applicable to the development. This figure will be adjusted by inflation through the Annual Plan process each year.

Refer to ***Table A1: Units of Demand Applicable to Different Activities*** for the unit of demand.

The total development contribution payable will be the Development Contributions Rate per Unit of Demand (A) times the Total Units of Demand for the site or development, whichever is greater (B). GST will be added to any development contribution at the time that contribution is payable.

11. Reviews and Credit Policy

Reviews

The Council's policy on reviewing development contribution's is that an applicant may formally request the Council to review the development contributions required on the development concerned and consider whether or not to reduce, postpone or cancel the development contributions.

Any such request shall be made by notice in writing to the Council within 15 working days after the Council has advised in writing that development contributions are required on the development, setting out the reasons for the request.

In undertaking the review:

- The Council shall as soon as reasonably practicable consider the request.
- The Council may determine whether to hold a hearing for the purposes of the review, and if so, give at least 5 working days notice to the applicant of the commencement date, time, and place of that hearing.
- The Council may, at its discretion, uphold, reduce, postpone or cancel the original amount of development contributions required on the development and shall communicate its decision in writing to the applicant within 10 working days of any determination or hearing.
- The Council may delegate this role to Council Officers.

In making its decision the Council may take into account:

1 Council's Development Contributions policy.
2 Council's Funding and Financial policy.
3. The extent to which the value and nature of any works proposed by the applicant reduces the need for works proposed by the Council in its capital works programme.
4 The level of any existing development on the site. Where multiple existing and pre-existing uses can be established the Council will have regard to the most intensive use(s).
5. Financial hardship - where the applicant has a low value property which will not realise sufficient funds to pay the required development contributions and where the applicant has limited financial resources. Written confirmation of property value and a declaration as to financial circumstances must be made to the Council.
6. Any other matters the Council considers relevant.

Section 209 of the LGA also applies, which 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 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.

Credits

Credits are based on:

- Existing uses.
- Monies paid and/or works undertaken and/or land set aside by prior
  - A .Agreements with the Council.
  - b. Development contributions.

Generally development contributions will be required on development over and above that existing at the time of an application and which create additional units of demand.

Where a development will result in a lesser number of units of demand than that existing in the site at the time of application, the credit will remain with the site and not be payable to the applicant by the Council.

Credits towards the requirement for development contributions will be considered by the Council on a case by case basis, taking into account the following matters:

1. The level of existing development on the site. Where multiple existing and pre-existing uses can be established the Council will have regard to the most intensive uses.
2. Monies paid and/or works undertaken and/or land set aside by prior:
   (i) Agreements with the Council.
   (ii) Development contributions.

The units of demand applicable in the calculation of a development contribution required on a development shall be assessed by the Council at the time of application for the necessary consents and may be re-adjusted prior to the issue of a land use resource consent or building consent, as applicable.

This is in order to allow for units of demand for which development contributions may have previously been paid over and above credits provided for in this policy. That is, adjustment will be made by the Council in its assessment to avoid potential double counting of development contributions required on the development.

APPENDIX A

1. Definitions

1.1 Community facilities means:
reserves, network infrastructure, or community infrastructure for which development contributions may be required in relation to developments, if the effect of the developments is to require new or additional assets or assets of increased capacity and, as a consequence, the Council incurs capital expenditure to provide appropriately for:-

(a) reserves
(b) network infrastructure
(c) community infrastructure.

1.2 Commercial Activity means:
the operation of a business, such as a shop, tavern, restaurant or other uses commonly associated with activities found in a town centre, or activities that are operated for commercial gain such as legal offices, real estate agencies, financial institutions, health centres etc, and which can be operated from an existing domestic-sized property or from a purpose-built building.

1.3 Community infrastructure means:

(a) land, or development assets on land, owned or controlled by the Council to provide public amenities; and
(b) includes land that the Council will acquire for that purpose

1.4 Development contribution means a contribution:

(a) provided for in a development contribution policy included in the long-term council community plan of this Council; and
(b) calculated in accordance with the methodology set out in Schedule 13 of the LGA; and
(c) comprising:
  a. money; or
  b. land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Maori land within the meaning of the Te Ture Whenua Maori Act 1993, unless that Act provides otherwise; or
  c. both

1.5 Household Unit means:
a family or group of people living in a house or apartment used for residential purposes only.

1.6 Industrial Activity means:
the operation or proposed operation of a business wherein a person or persons are employed in the manufacturing, repair, production, construction, painting and/or distribution of goods and products, including horticultural pack houses and dairy sheds.

1.7 Network infrastructure means:
the provision of roads and other transport, water, wastewater, and stormwater collection and management.

1.8 Residential Site means:
a parcel or section of land subdivided for residential purposes only.

1.9 Section 11.3.4.4 Opotiki District Plan
11.3.4.4 Full cost financial contribution for road:
Presently there are roads in the District that have reached traffic capacity in relation to their structure and formation. Any further subdivision on these roads will place additional loadings on the resource that would make it non-viable. The financial contribution shall be the full cost to accommodate additional loadings and to bring the road up to Council's standards. The roads to which this applies are:

i. Rankin Road (All of the road length)
ii. Old Creamery Road (All of the road length)
iii. Amokura Road (From the end of the seal)
iv. Tutaetoko Road (All of the road length)
v. Pakihi Road (From the intersection of Otara Road East and Pakihi Road)
vi. Te Waiti Road (All of the road length)
vii. Block Access Road (All of the road length)
Viii Motu Road (Route Position 7.78)
viii. Whitikau Road (All of the road length)
ix. Takaputahi Road (All of the road length)

x. Waiata Road (All of the road length)
xi. McRaes Road (All of the road length)
Xii Redpath Road (All of the road length)
Xiii Wairata Road (From the intersection of Redpath Rd and Wairata Rd)

APPENDIX B

1. POLICY BACKGROUND

The Opotiki District is currently undergoing a surge in development and investment, particularly in the coastal areas. The District continues to grow as land is developed and subdivided. This is part of a trend throughout New Zealand for people seeking a lifestyle near the coast or close to any significant areas of water. Since 2002 there has been a dramatic increase in coastal-related subdivision in New Zealand.

There are some strong indicators that the Opotiki District is facing and will continue to face, strong development pressures over the long term:

- Waiotahi Drifts subdivision (250 lots) – strong market response.
- Coast sections selling by up to five times the government valuation.
- Te Kaha Hotel – multi-million dollar resort.
- Increasing building consent numbers and capital value.

It should be noted that the Statistics N.Z. projections do not take into account the potential realisation of local initiatives such as the marine farm (servicing and processing) or the creation of a reliable harbour entrance into their population projections.

The use of land for housing, visitor accommodation or large business activities can put pressure on existing services, community infrastructure, roads, sewerage, stormwater, Opotiki town centre and reserves. These services and reserves need to be upgraded as the District grows.

In relation to community and network infrastructure, in particular recreation facilities and roading, it has become apparent that these are not being continually developed to keep up with increasing community expectations. In 2002 a recreation strategy was prepared to identify community expectations with respect to recreation facilities on Council reserves. Subsequent reviews of this strategy confirm the importance of improving district recreation facilities.

The collection of development contributions, along with funding from other sources (e.g. general rates) will assist the existing and future residents of the district to realise the implementation of the *Recreation Strategy* and the roading programmes.

2. Development contributions and financial contributions

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

Councils may now require development contributions from development to meet the capital expenditure for new or additional community facilities resulting from growth, whereas Councils have been able to take financial contributions under the RMA for development primarily in order to avoid, remedy, or mitigate the adverse effects of development activities on the environment.

Financial contributions under the RMA are primarily used for infrastructure provision and mitigation measure provision whereas development contributions will be used for capital improvements to land (e.g. playgrounds, toilets, pavilions, car parking, roading upgrades). The recreation facilities planned are generally those listed in the *Recreation Strategy* (November 2002) prepared by Council, Sport BOP and community groups. Roading improvements are contained in Council's ten year road upgrading and seal extension programmes.

However, development contributions cannot be taken where a Council has imposed a condition on resource consent under the RMA requiring a financial contribution on the same development for the same purpose.

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

The current Financial Contributions Policy allows the Council to take financial contributions from any new development under the District Plan to avoid, remedy, or mitigate the localised adverse effects of development activities on the environment, for the following:

- Reserves
- Roading
- Car parking
- Water supply, sewerage networks and stormwater treatment

While the Council's Financial Contributions Policy is consistent with the purpose and principles of the RMA, it has a narrower scope and different focus than development contributions under the LG Act. Financial Contributions for roading, reserves, car parking, water supply, sewerage networks and stormwater treatment will continue to be collected under the District Plan.

3. 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 Opotiki 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), but that for the reasons set out elsewhere in the policy, the costs of community facilities is to be met from development contributions.

4. Community outcomes

The Community Plan identifies and details seven community outcomes for the Opotiki District. The categories of community outcomes are:

Development and protection of the natural environment
Services and facilities meet our needs
Fair and efficient leadership
A strong and distinctive community spirit
Purposeful work and learning opportunities
Development supports the community
History and culture is treasured

Within these categories are a number of aims which the funding of capital expenditure for growth from development and financial contributions will primarily contribute towards. The relevant portions (i.e. the community outcomes that relate to development and financial contributions) are set out below.

Development and protection of the natural environment
- Coastal development managed.

Services and facilities meet our needs
- Vital services and facilities are available to all.
- Both civic and community facilities created and maintained for the future.
- Meet diverse expectations of the community.
- The needs of youth and the elderly are meet.
- Roads and transport networks appropriate to traffic requirements and district growth needs.

Development supports the community
- The community is a major partner in development.
- Support is provided based on community needs.
- CBD developed and maintained as an enjoyable meeting place for all people.

History and culture is treasured
- Community groups are supported in their efforts to provide facilities, activities and events for the community.

The Council is concentrating its efforts and resources on these community outcomes and considers that this Policy on Development Contributions, which will fund the growth component of recreation facilities and roading, is the best funding and financial strategy to achieve these outcomes.

5. Role of the Council

The Council considers its role in coordinating the provision of recreation facilities and roading as part of its sustainable development obligations to the District, of which neither individuals, the community, the private sector, nor central Government can appropriately fulfil.

The proposal to provide for recreation facilities and an improved roading network has been analysed and the reason the Council is involved falls into one or more of the following definitions:

- Legislative Requirement:
  The Council has extensive powers, duties, and functions conferred upon it by central Government providing both mandatory and discretionary responsibilities.
- Growth Management:
  To manage the growth of the District in a timely, co-ordinated, cost-effective, and equitable manner. This includes Council anticipating the development drivers and trends within the district and also those occurring elsewhere that will have an effect on the district.
- To Ensure Public Access:
  These are activities the Council has chosen to fund and/or provide to ensure they are available at reasonable cost and in the required quantity.
- To Meet Community Expectation:

The Recreation Strategy (November 2002) and the ten year roading programmes identify community expectations for a number of recreation facilities on Council reserves, and roading upgrades/improvements throughout the District. In addition, community expectation is measured through yearly Annual Plan processes and annual performance measures. These processes assist in the Council's decision-making in relation to the provision of individual services. Community expectation will also be given effect through the preparation and subsequent reviews of the inaugural Ten Year Plan.

- To Enhance Community Identity:
  A 'sense of community' is strengthened by the provision of various recreational and community facilities and roading improvements.
- As Part of Partnership with Central Government:
  The Council is in partnership with central Government in various ways and there are situations where the Council has been able to assist at the local level. Land Transport NZ contributes between 50 and 61 percent towards roading outputs. This has been accounted for in the Net Growth Cost.
- To Enhance Community Safety:
  Community safety applies to activities that relate to the protection of the community. In some instances there is a statutory responsibility to provide this service but the level of service is higher than the statutory minimum requirements.

6. Growth pressures

The development that Opotiki is experiencing will continue to place strain on community facilities in the District if not well managed. Coastal development continues to increase around New Zealand. With significant growth currently being experienced in the Western Bay of Plenty, it is expected that some of this growth will continue along the coast to the Eastern Bay of Plenty. In addition, there are some significant local initiatives such a proposed marine farm and a reliable entrance to the Opotiki harbour which, if realised, will lead to significant development pressures on the district.

The challenge is to put in place a transparent, consistent, and equitable basis for requiring contributions in order that those undertaking developments pay a fair share of the capital expenditure for community facilities without inhibiting growth. Those undertaking developments, the Council, and the community benefit from growth, and the cost of growth needs to be fairly balanced given the limited sources of funding available to the Council.

The overall impact of requiring development contributions on the current and future social, economic, environmental and cultural well-being of the community needs to be considered. If development contributions are not applied to new development, the Council will not be able to adequately provide the necessary community facilities for new demand. The alternative to funding growth related community facility provision is to generate more revenue from rating. The latter scenario means that existing ratepayers carry the burden for new development. This situation will negatively impact on all aspects of well-being for the community.

The Council considers that requiring an appropriate level of development and financial contributions from development applied alongside other funding tools, is the best overall solution in achieving community outcomes, while balancing the costs and benefits in terms of funding between the community, the Council, and those undertaking developments.

Providing appropriately for community facilities in anticipation of growth is a core Council obligation in the promotion of the social, economic and environmental well being of the community, for the present and for the future. As such, the Policy on Development Contributions will provide predictability and certainty about the sources and levels of funding for the costs of growth, and continue to ensure the sustainable development of the District as a whole, without negatively impacting on growth.

7. Schedule to development contributions policy

The following is the Schedule to the Development Contributions Policy which is required under sections 201(2) and 202 of the LGA. The Schedule specifies, in summary form what is required:

- The requirement for development contributions
- Statement on Goods and Services Tax
- Explanation of units of demand
- The event that will give rise to a requirement for a development contribution (resource consent, building consent or authorisation for service connection)
- The development contributions required from development for capital expenditure for growth for community infrastructure.

8. Methodology

The full methodology which demonstrates how the calculations for development contributions are made in the Schedule to Development Contributions Policy is available for inspection at Council Offices.

9. Significant assumptions

Significant assumptions underlying the calculation of the Schedule to the Development Contributions Policy (section 10) are as follows:

Best Available Knowledge:
That the capital expenditure costs are based on the best available knowledge at the time of preparation and largely represent a "rough order of costs" rather than specific estimates. These will be refined in subsequent years as community expectations regarding particular projects become clearer. A percentage estimate of what is growth related costs (versus the cost of maintaining or enhancing the level of service for existing residents) has been used to determine the capital expenditure required for growth.

Estimates of Growth Related Capital Expenditure:
The Council has to assume that its planned growth related capital expenditure will be undertaken. This is a realistic assumption, given that the Council has planned its capital expenditure in accordance with the statutory procedures.

Estimates of Building Consents:
The Council has used both Statistics NZ population projections and local knowledge to determine the expected number of building consents over the next 10 years.

Growth Affordability:
That managed growth within Opotiki is affordable and that the Council's share is able to be financed predominantly through the capital expenditure budget, supported by development contributions in parallel with the Council's core business and other projects.

Community Infrastructure Built in Anticipation of Growth:
That the Council's policy on development contributions for development will include requiring consistent and equitable contributions towards the impact of growth on existing community infrastructure, that is recreation facilities built in anticipation of growth.

Financial and Administrative Assumptions:
That all figures in the Development Contributions Policy and Schedule to the Development Contributions Policy are in 2009 dollars and that there has been no allowance made for inflation.

That the income generated from rates will be sufficient to meet the operating costs of capital expenditure into the future.

Operating expenditure will be allocated across the rating base of the District.
That there will be an impact from the capital expenditure on operating expenditure and an allowance has been made for this based on the type of asset.
That methods of service delivery will remain substantially unchanged.

Key Risks:
That the growth assumptions are not met resulting in delayed development.
That there is a lag between expenditure being incurred by the Council and contributions received from those undertaking developments.
That the costs of capital are greater than expected.

10. Explanation and justification for calculations

The following is an explanation of, and justification for, the way each development contribution in the Schedule to Development Contributions is calculated

Development contributions for community infrastructure (in this case recreation facilities and roading) are based on units of demand and the capital expenditure for growth required over a 10 year period. The total units of demand for capital expenditure for growth will be spread over 10 years and has been taken from a mix of new subdivisions, new buildings, potential dwellings, infill potential, proposed residential land and vacant lots.

For district-wide recreation facilities and roading this data has provided the Council with an estimate of 712 units of demand over the next 10 years. This figure will be subject to adjustment in the future. The unit of demand for each development is based on a household unit, which is a building or part of a building intended to be used as an independent residence (e.g. one house built on the property is 1 unit of demand). Different units of demand apply to mixed-use, commercial and industrial development.

The rate per unit of demand is calculated by taking the growth related capital expenditure over a 10 year period for recreation reserves and dividing it by the total units of demand expected over that 10 year period. A similar approach is taken for reading. This is calculated by way of growth projections. In this way the cost of growth related capital expenditure is spread across all new development. This rate is then multiplied by the number of units of demand for each particular development.

11. Policy review

It is the intention of the Council to update the Development Contributions Policy from time to time to take account of:

- Any changes to the significant assumptions to the Development Contributions Policy.
- Any changes in policy as the Council deals with growth issues.
- Any changes in the capital works programme for growth.
- Changes in the estimate of total units of demand expected over a 10 year period.
- Any changes in the pattern and distribution of development in the District.
- The regular reviews of the Funding and Financial Policy, and the Ten Year Plan.
- Any amendments to this Policy shall be made using the special consultative procedure outlined in Section 83 of the Local Government Act 2002.

APPENDIX C

1. CAPITAL EXPENDITURE FIGURES

The total estimated capital expenditure on all community and network infrastructure over the next 10 years and proportions to be met by development contributions are shown in the tables below.

- Table 1 summarises:- The total estimated capital expenditure on all community and network infrastructure over the next 10 years;
- The proportion of total estimated capital expenditure to meet increased demand for community and network infrastructure resulting from growth to be funded from development contributions and other funding sources over the next 10 years.

Net growth cost for roading has been derived from the Table 1 next page.

All figures exclude GST.

TABLE 1: 10-YEAR ESTIMATED TOTAL CAPITAL EXPENDITURE AND FUNDING FOR GROWTH

Table 1 10 - Year estimated total capital expenditure and funding growth						
Community Facility	**Net Growth cost**	**Development Contributions**	**Financial Contributions**	**Rates**	**Other funding**	**Total Activity Capital Cost**
Reserves	50,000	0	50,000	0	0	50,000
Roading	829,500	829,500	0	2,764,950	1,145,550	4,740,000
Car Parking	0	0	0	0	0	0
Water Supply	0	0	0	0	0	0
Sewerage Network	0	0	0	0	0	0
Stormwater Treatment	0	0	0	0	0	0
Recreation Facilities	1,695,494	1,695,494	0	631,871	7,361,125	9,688,490
Total	**2,574,994**	**2,524,994**	**50,000**	**3,396,821**	**8,506,675**	**14,478,490**
		External contributions, subsidies & grants			4,311,550	
		Other reserves			354,125	
		Loans			3,841,000	
					8,506,675	

TABLE 3 : ROADING CONTRIBUTIONS: 10 YEAR CAPITAL WORKS PROGRAMME

Description	$'s
Streets - Kerb and channel $180,000 per year	2,185,000
Roads - Seal extension $256,680 per year	2,635,000
TOTAL	**4,820,000**

Table 2 summarises:

- The total estimated capital expenditure on community and network infrastructureover the next 10 years;
- The proportion (17%) of total estimated capital expenditure to meet increased demand for community and network infrastructure resulting from growth which will be funded from development contributions and other funding sources over the next 10 years.

Deleted: .5

TABLE 2: 10-YEAR ESTIMATED FUNDING FOR COMMUNITY AND NETWORK INFRASTRUCTURE

Community Infrastructure Activity	Catchment	Total Cost Of Capital Works Projects	Total Improved Level Of Service Component	Total Growth Component (Funded By Development Contributions)
Recreation Facilities[1]	District	$9,688,480[1]	$7,992,996	$1,695,484
Roading	District	$4,740,000	$3,910,500	$829,500
TOTAL		**$14,428,480**	**$11,903,496**	**$2,524,984**

[1] In addition, subdivisions or development fronting a waterway may also have to provide an esplanade reserve or strip under the District Plan.

APPENDIX D

1. Unit of demand Calculation

The unit of demand over a 10 year period for recreation facilities and roading has been calculated by using Statistics NZ's population projections for each Census Area Unit of the district. Given that the Statistics NZ projections do not take into account the potential realisation of major local initiatives such as the harbour entrance opening and the marine farm, a high population projection was adopted increasing the district population by 7.70% to 9,909 in 2019.

TABLE 4: PROJECTED POPULATION OF AREA UNITS WITHIN OPOTIKI (HIGH SCENARIO)

Years	Opotiki	Te Kaha	Cape Runaway	Oponae	Waiotahi	Total
2009	4270	296	1384	318	2934	9202
2019	4537	349	1497	345	3181	9909

Table 5 below also highlights that demand on the district's infrastructure (in this case recreation facilities and roading), as a direct result of growth in the district's households, will increase by about 17%. The remaining 83% of demand will come from existing residents.

TABLE 5: PROJECTED HOUSEHOLDS WITHIN OPOTIKI TO 2019

	Total Residential Households	Total Unoccupied households	Total Households
2009	3343	890	4233
2019	3705	1240	4945
Diff	362	350	712
Diff (%)	11	39	17

Sources: Statistics New Zealand 2006 census.

Council Controlled Organisations (CCOs)

Introduction

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

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

BOP LASS Ltd

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

Subsidaries: Nil

Significant policies and objectives in regard to Ownership and Control

Each of the following eight councils in the region holding a 12.5% share:

- Environment Bay of Plenty Regional Council.
- Kawerau District Council.
- Opotiki District Council.
- Rotorua District Council.
- Taupo District Council.
- Tauranga City Council.
- Western Bay of Plenty District Council.
- Whakatane District Council.

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

Nature and Scope of Activities

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

- Enable the provision of shared services to any or all local authorities within the Bay of Plenty Region. BoP LASS Ltd may also sell "shared" processes and systems as set up under individual agreements to local authorities outside the Region.
- Pursue all opportunities to procure shared services that will benefit the Community in the widest sense, through enhanced back office services and/or reduced costs for councils.
- Explore all possible avenues to provide these services itself or contract them from outside parties, each depending on a rigorous business case and risk assessment.

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

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

Key Performance Targets and Other Measures of Performance

While BOP LASS Ltd has been operational for only a short time, it has achieved the initial performance targets. The following are the ongoing performance targets

Performance targets 2008	Performance Indicators
Ongoing targets	
Achieve effective operation of at least five shared services with each service contributing appropriately to the costs of the umbrella vehicle.	Advisory group established. Service levels agreed and implemented. Cost recovery/levy applied.
Operate within agreed budgets.	Budget approved annually.
Maintain positive cash flow.	Cash flow reports provided.

TOI-EDA

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

With the recent adoption of an ambitious three year strategic plan, Toi-EDA has a strong focus on its vision of enhancing the Eastern Bay of Plenty's economic growth and resultant wealth for its people.

The trust structure of Toi-EDA is designed to overcome previous problems with obtaining government funding. It is run by talented professionals with years of experience with the Eastern Bay of Plenty Development Board.

Toi-EDA plays an important role in the new Bay of Plenty regional partnership, particularly in terms of representing Eastern Bay of Plenty economic development interests.

Subsidiaries: Nil

Significant Policies And Objectives In Regard To Ownership And Control:

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

Nature and Scope of Activities

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

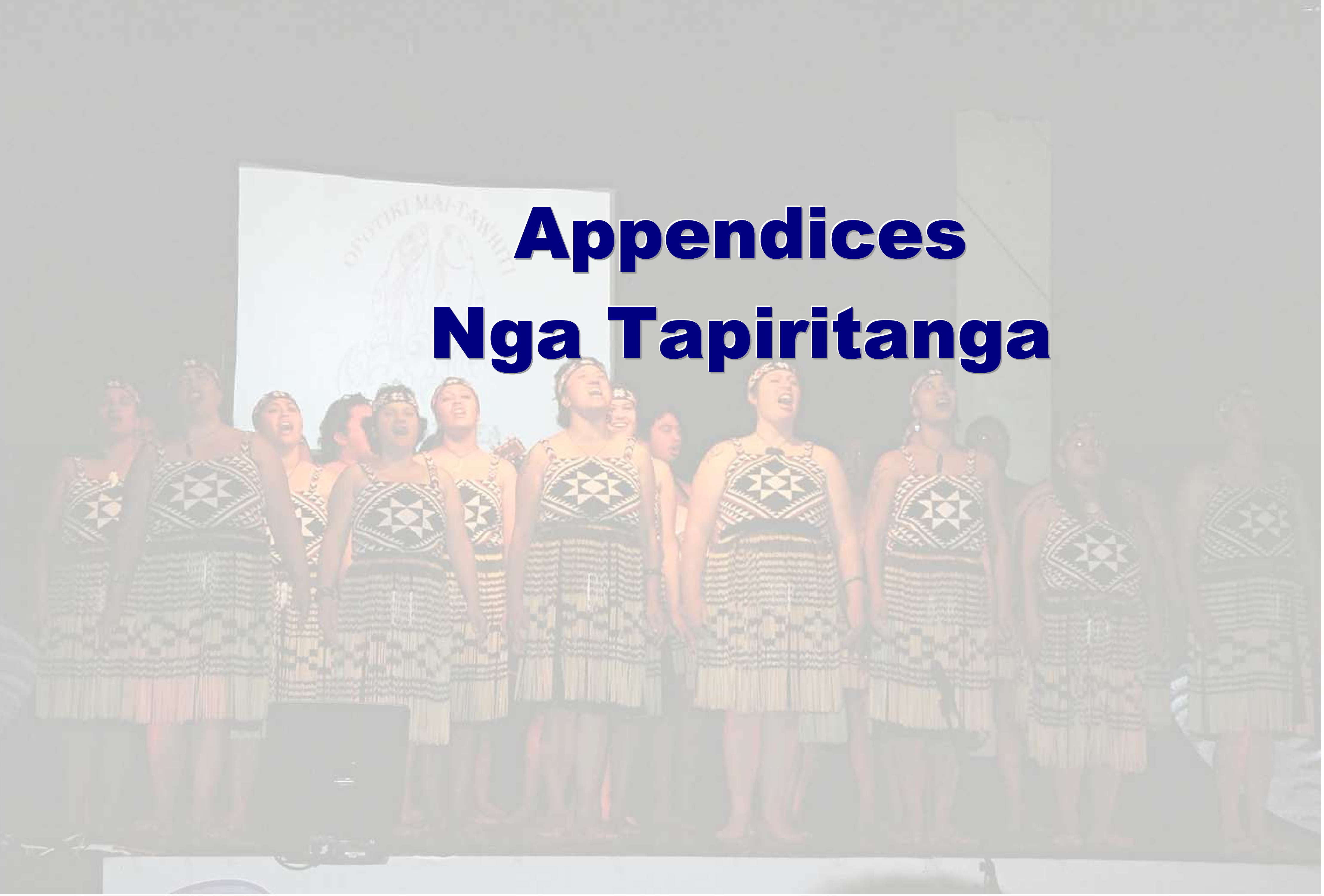
- Cultivate economic initiatives and foster growth for the benefit of Maori and the Eastern Bay of Plenty Community.
- Promote the economic, environmental, cultural and social wellbeing of Maori and the Eastern Bay of Plenty Community.
- Foster, develop and assist in the management of best practices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

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

Key Performance Targets and Other Measures of Performance

- Improved skills by higher education levels
- Business growth (turnover, increased employees, new business)
- Improved use of human resources (measured by employment statistics)
- Increased population
- Increased productivity of the region measured in conjunction with the wider Bay of Plenty Region

Appendices
Nga Tapiritanga



Summary of Waste Management Plan

This is a summary of the Council's Waste Management plan. Should you require more information the full plan is available at the Council.

Purpose:
The Opotiki District Council has a Waste Management Plan to;

- meet the requirements of the Local Government Act 2002
- meet the Council key objective of Zero Waste by 2010
- effectively control the disposal of liquid waste
- ensure gaseous waste is controlled in an efficient and environmentally sensitive manner
- make sure legislative requirements are met in relation to solid, liquid and gaseous waste

Solid Waste Management Action Plan
The plan presents an overall strategy which is to;

- Have the community accept responsibility for **their** waste disposal i.e. through recycling initiatives or charging
- Control collection and disposal of all waste in the future on a user pays basis. Little or no cross-subsidisation though this will take some time to implement fully, i.e. 10 years.
- Reduce waste through reuse, recycling, recovery and composting.
- Centralise operations in three main centres – Opotiki, Te Kaha, Waihau Bay
- Opotiki to be the main centre with a fully operational Resource Recovery Centre.
- Te Kaha and Waihau Bay to be collection, sorting and composting centres. Possibly community run.
- Community schemes operational in Torere and Maraenui.
- Promote public education and incentive programmes designed to encourage all sectors of the community to reduce waste through good minimisation practices.
- Reuse, recycling and recovery are undertaken at all the Resource Recovery Centres in the District with the addition of composting at the Opotiki Resource Recovery Centre.

Liquid Waste Management Strategy Plan
The plan presents an overall strategy which is to;

- Have the Opotiki District Council assume full responsibility for the collection, treatment and disposal of liquid waste, being sewage, in the Opotiki Township.
- Have the Opotiki Council assume full responsibility for the collection, treatment and disposal of liquid waste, being sewage, in the Waihau Bay subdivision.
- That individual septic tank septage and grease trap waste will be cleared, collected and treated by private contractors.
- All costs incurred will be paid for either by rates or as a charge by contractors.
- All schemes will have the necessary Resource Consents and comply with the conditions.
- Septic tanks in the Woodlands area are monitored by Environment Bay of Plenty at present. Environment Bay of Plenty have strategy to monitor all septic tanks.

Gaseous Waste Management Plan
The plan presents an overall strategy which is to:

- Have the Opotiki District Council assume full responsibility for the collection, treatment and disposal of gaseous waste, in the Opotiki district.
- All costs incurred will be paid for either through rates or as a charge by contractors
- All schemes will have the necessary Resource Consents and comply with conditions.

Summary of Assessment of Water and Sewage Services

This is a summary of Council's Water Services and Sewage. For more in depth information the full Activity Management Plans can be viewed at the Council.

1. Introduction

1.1 The water and sanitary assessment process

The introduction of the Local Government Act 2002 places responsibility on Territorial Authorities to complete assessments of water services (drinking water, sewerage and stormwater) and sanitary services (public toilets, cemetery and crematoria, solid waste) for communities throughout their districts. Public consultation on the findings of these assessments is required.

The assessment process places emphasis on the identification, and proposals for resolution, of any adverse health impacts or environmental impacts arising from existing, and future demand for water and sanitary services. Where reticulated water services do not exist than an assessment of risk arising from lack of the reticulated service is to be undertaken.

The assessments are not exclusively for Council provided services but also encompass private schemes. The definition of "community" is left to the Territorial Authority. An initial assessment was completed on the 30 June 2005 and subsequent assessments will be undertaken from "time to time". Information gaps which if filled would assist future assessments should be identified.

1.2 Communities assessed

For the purposes of this initial assessment the following "communities" have been used:

- Bryans Beach
- Hawai
- Kutarere
- Ohiwa
- Omaio
- Omarumutu
- Tablelands
- Te Kaha
- Te Kopua
- Tirohanga and Tirohanga Valley
- Torere
- Waiaua

- Opape
- Opotiki
- Paerata Ridge
- Roimata
- Waihau Bay
- Waioeka Village
- Whanarua Bay
- Whangaparoa

The assessment has drawn upon available documentation (Asset Management Plans, LTCCP) and knowledge within Council and elsewhere to document the services provided by existing reticulation schemes.

1.3 Recommendations arising from the assessment

1.3.1 Communities with Reticulated Water Services

The principal issue identified in regards to reticulated communities is that a number of the schemes are drawing water from groundwater sources or springs that are not proven as "secure" sources. These supplies therefore may not have a barrier to protozoa (Giardia and cryptosporidium) as required by the NZ Drinking Water Standards.

The recommendation for these supplies is therefore to

- assess options for meeting protozoa barrier requirements; and
- prepare and implement "Public Health Risk Management Plans" for all supplies.

Most private supplies are identified as having no disinfection. Public Health Risk Management Plans should be prepared as a priority for these supplies.

A number of upgrade and maintenance items for the Council owned schemes are identified in the Activity Management Plans. These are appropriate and should be implemented as programmed.

1.3.2 Communities without Reticulated Water Services

A large number of rural dwellings and also a number of marae rely upon shallow bores, springs, stream sources or roof water. The risk assessment identifies risks associated with these supplies.

Where a reticulated scheme exists it is recommended that connection to the reticulated scheme is the preferred option for unserviced properties.

However for a lot of the areas the location and low density of housing means a reticulated supply is not feasible. For these properties education of householders on appropriate care and maintenance of water supplies is recommended.

1.3.3 Communities with Reticulated Wastewater Services

Council has carried out comprehensive planning to meet future demand within these scheme areas. The assessment has not identified any significant health or environmental issues associated with these schemes.

1.3.4 Communities without Reticulated Wastewater Services

Outside of the reticulated scheme areas a large number of rural dwellings and marae rely upon on site wastewater treatment and disposal. Generally this is by way of basic septic tank systems. The majority of communities within the district are serviced by septic tanks.

The risk assessment identifies the risks associated with on-site wastewater disposal during dry weather, wet weather or flood events.

For the majority of the rural areas reticulation is not likely to be feasible. For the unreticulated community, education of householders on appropriate care and maintenance of on site disposal systems is recommended.

The sanitary status of on-site systems used in the unreticulated areas of the district, and the health implications arising from it, are not currently well defined. This is an information gap which is recommended to be filled for benefit of future assessments.

1.3.5 Communities with Reticulated Stormwater

A number of upgrade and improvement measures for the reticulated stormwater schemes are programmed in the Asset Management Plans. These address known problems.

A related issue to stormwater is that of flood protection. The July 2004 floods exposed deficiencies in relation to stormwater runoff control which are being addressed.

1.3.6 Communities without Reticulated Stormwater

Health and environmental issues in the communities without reticulated stormwater are not believed to be widespread. Poor drainage around dwellings leading to damp houses and septic tank effluent field failures is known to be a problem in some rural areas. It is recommended that this issue be addressed through a community education programme, logically run in conjunction with that on water supply and septic tank maintenance.

1.3.7 Public Toilets

Adequate public toilets exist. Additional facilities should be considered in response to proven community demand and resource capabilities. Potability of water supplies at rural toilets (not on Council reticulated water supply) should be reviewed.

1.3.8 Cemeteries and Crematoria

There are no identified health issues associated with current cemeteries. There are no crematoria in the Opotiki district.

1.3.9 Effluent Disposal Points

There are identified health issues associated with effluent disposal points in the district and the existing facilities appear adequate for demand.

1.3.10 Solid Waste

Opotiki district has a comprehensive Waste Management Plan in place and so no specific assessment of solid waste services is required for the LGA(2002) assessment.

1.4 Recommendations arising from the assessment

Consultation on the Assessment and its findings is required, with a special consultative procedure as per the LGA. Following consultation and consideration of submissions the Assessment report as to be finalised and then approved by Council by 30 June 2005.

1.5 Improvement plan for the assessment

The first Assessment under the LGA (2002) has drawn upon a large pool of information. Nonetheless there are a number of areas where specific information is sketchy. This does not diminish the value of the Assessment. Identification of information gaps which need to be filled is an acceptable outcome from the first assessment.

Specific information gaps identified include:

(i) Whether water sources for a number of communities can be classified as “secure” groundwaters as per the NZDWS. This is a high priority as there are potentially large cost implications associated with failure to attain this status.

(ii) Sanitary status (microbiological quality) and risk posed by use of shallow bores, springs and surface water sources in rural communities not on reticulation.

(iii) Extent of on-site disposal failures in unsewered areas.

(iv) Environmental effects resulting from on site disposal failures in settlements (as opposed to isolated rural dwellings).

It is recommended that a programme of investigation be put in place to fill these gaps before the next assessment. Environment Bay of Plenty, The District Health Board and local Iwi Authorities would all have a role to play in this process.

Land Transport Programme

Opotiki District Council Land Transport Programme [LTP] has been approved in principle by the Opotiki District Council in December 2005.

It has also been fully consulted upon through the Long Term Council Community Plan 2005/06.

Council’s LTP has been developed in conjunction with Land Transport NZ’s on-line applications and can be found in this documentation.

The LTP describes:

- Consultation undertaken on the LTP;
- Steps taken in developing land transport options and alternatives;
- 10-year financial forecasts of funding and expenditure.

Activities have been described by:

- priority;
- total cost;
- proposed starting date and duration;
- alternatives and options considered;
- the objectives of each activity;
- contribution to the purpose and objectives of the LTMA.

ROAD SAFETY

Background

It is recognised by Council that it has, together with other agencies, a pivotal role in road safety.

A number of initiatives associated with road safety will be addressed through the following areas:

- Education;
- Engineering;
- Enforcement.

The Land Transport Management Act 2003 is the overarching document from which the National Land Transport Programme (NLTP) and the Authority Land Transport Programme (ATLP) are prepared. To this end these documents should be read in conjunction with the LTCCP. Including the Safety Management System from which the Road Safety Strategy will be prepared.

Included will be:

(a) an outcome that relates to land transport safety;
(b) how it is intended to contribute to furthering the communities desired land transport safety outcome(s) and objective(s); and
(c) how to further desired land transport outcome(s) and objective(s) work with other local organisations and regional organisations; and the private sector; and
(d) (i) identifies the key land transport safety issues facing the district and;
(ii) includes or makes reference to a programme and action plan, including a list of LTNZ and NZ Police outputs for addressing all of the identified land transport safety issues; and
(iii) includes clear performance targets, measures and monitoring processes to enable the Local Authority to accurately report the progress that is being made towards the achievement of the districts road safety outcomes and objectives and states how progress will be reported.

Working With Others
Council will work with the Road Safety Co-ordinator, employed by the Whakatane District Council, to implement initiatives agreed by the Eastern Bay Road Safety Committee and approved by:

- Whakatane District Council
- Kawerau District Council
- Opotiki District Council

and contained in the combined Authority Land Transport Programme.

- Other agencies who are involved and will be consulted are:
- The community
- Environment Bay of Plenty
- Toi Te Ora
- New Zealand Transport Agency
- New Zealand Police
- ACC
- Ministries of Health, Education and Transport
- Department of Labour.

Activity	A service or project that is provided by Council. A number of activities make up a group e.g. the environment group
Assets	Things that the council own on behalf of the people of the district e.g. water pipes, buildings, playgrounds.
Asset Management Plans	A long term plan to manage Council's assets to ensure the provision of a service that is cost effective.
Community Outcome	A set of statements that describe Opotiki District's vision for the future.
Community Plan	A ten year plan that says how the Council will work towards furthering community outcomes. The Local Government Act 2002 states that a Community Plan is a requirement of Council.
Local Government Act 2002	The legislation that describes the powers and responsibilities of the local Council.
Monitor	The Local Government Act 2002 requires that the Council monitors progress on community outcomes.
Rates	Funds collected by Council from levies on property. Rates often include Uniform Annual Charges and Targeted Rates.
Significance Policy	Clearly states how significant a project or decision is and the level of consultation required.
Wellbeing	The outcomes as decided by the community are factors of wellbeing.

Opotiki District Council
Strong Community
Strong Future

The Opotiki District Community Plan
Published March 2009
Opotiki District Council
PO Box 44, Opotiki, 3162
108 St John Street, Opotiki 3122, New Zealand