

Introduction to the

Funding and Financing Policies

The funding and financial policies have been reviewed and updated as part of the 2009-2019 LTCCP process. Changes are as follows:

Revenue and Financing Policy page 218:

the policy outlines how operating and capital expenditure for each activity will be funded, what funding sources are available to Council and how spending contributes to the Community Outcomes included in the LTCCP. Changes to the policy include minor wording, realignment of activities to reflect activities in LTCCP, clarity on debt funding of major grants for community assets such as the athletic track at Kensington sports park, and removal of reference to the levels of differential in order that changes can be made without changing this policy.

Liability Management Policy page 246:

the policy sets out how debt is to be managed, what instruments are approved for use and recognises Council's exposure to risk associated with managing debt. Changes to the policy include: minor wording, inclusion of statutory and general objectives, liquidity (term

debt + loan facilities to rolling 12 month peak net debt) moved from >100% to >110% to reflect the need for more cover in times of tightening market conditions, inclusion of policy on security and debt repayment, inclusion of Risk Recognition, up date of approved financial instruments, changes to risk control limits and maturity profile.

Investment Policy page 250: the policy deals with Council's management of investments by setting out the types of investments Council holds and how Council manages, monitors and reports on these investments with a view to achieving maximum returns within policy limits and with an appropriate level of risk. Changes to the policy include minor wording, inclusion of statutory and general objectives, changes to issuer limits, new paragraphs 4.1 and 5.0.

Policy on Partnerships with the Private

Sector page 253: the Partnerships Policy is linked to the statutory principle that a local authority should collaborate and cooperate with other local authorities and bodies as it

considers appropriate to promote or achieve its priorities and desired outcomes, and make efficient use of its resources. It states Council's position in respect of the commitment of its resources to partnerships between itself and the private sector. Only minor wording changes have been made to this policy.

Funding Impact Statement and Rates

Remission and Postponement Policies

pages 255 and 265: there are no changes to these policies other than specific figures relating to the 2009-10 year.

Policy on Significance page 262: this

policy outlines Council's general approach to determining the significance of proposals and decisions. Current legislation is looking to councils to provide various levels of consideration and consultation depending on how significant a decision may be.

The policy includes procedures, criteria and some thresholds Council will use in assessing which issues, proposals, decisions and other matters are significant. It also includes a list of assets Council considers to be strategic assets.

Changes to the policy include minor wording; an update of the list of strategic assets to exclude land purchases/sales relating to the roading network so that minor transactions for realignment etc are not deemed to be strategic assets; an update so that where there is a group of assets, changes to the status of individual components of that group are not considered to change the status of the overall asset group unless they materially alter the nature of the overall asset group.

Financial Contributions Policy page 272:

this policy covers financial contributions, which are a condition of resource consent for the purpose of avoiding, remedying or mitigating an effect on the environment (compared to development contributions which are solely for the purpose of recouping the costs of parks and reserves, network and community infrastructure). When a financial contribution is applied to a consent application, a development contribution will not be required for that same activity. There are no significant changes to this policy.

Funding and Financing Policies

Development Contributions Policy page

273: The most significant amendments in the policy are:

- An improved explanation of the policy's alignment with the new Council Community Outcomes and the Local Government Act 2004.
- That Council has elected to place a cap on some contribution rates and has completely removed others. This is in consideration of the current economic climate coupled with a strong desire to avoid a negative impact on development, and to take a proactive approach in maintaining and improving employment levels through facilitating development (see Appendix C of the policy).
- A range of changes to the development contribution rates charged for development. The development contributions relating to community infrastructure; solid waste and public toilets have been removed from the list of charges. The parks (reserves) and the parks (activities) contributions have been significantly reduced, and the contributions for roading have increased while the other contributions have stayed similar to the previous policy (see Appendix A & B of the policy).
- A change in the timing of payment for contributions assessed with a building consent application. Payment under this

policy will now be due at activation of a building consent. This being after the first inspection as this is deemed the time that impact on infrastructure has commenced. Payment was previously due anytime prior to issue of a code compliance certificate under Subpart 5 of the Building act 2004.

- A reduced contribution rate for one additional dwelling unit on a lot. These contributions will be assessed in relationship to the size of an additional dwelling unit under 100 square metres of gross floor area (see section 14.1.2 of the policy). This decision is at the sole discretion of Council and is in consideration of people who may wish to house an elderly or extended family member close by, yet still afford them a level of independence.



1. Background and Objective of the Policy

A Revenue and Financing Policy is required under section 102(4)(a) of the Local Government Act 2002 (LGA). This policy is supported by the analysis of considerations as detailed below for each of our 14 Activity areas to comply with section 101(3) of the Local Government Act.

In developing the Revenue and Financing Policy, Council identified the funding sources to be used to contribute towards the cost of each activity.

2. Issues

No issues requiring discussion.

3. Financial Impact

There are no material financial implications arising from the adoption of the proposed Revenue and Financing Policy.

4. Revenue and Financing Policy

The Local Government Act 2002 requires the adoption of a Revenue and Financing Policy which outlines how operating and capital expenditure for each activity will be funded.

Section 101(3) of the Act also requires through this policy for Council to give consideration to:

- The Community Outcomes to which the activity primarily contributes. In its Long Term Council Community Plan (LTCCP) the

- Community Outcomes are identified as:
- A sustainable, environmentally responsible District which values its natural uniqueness
 - A District which is safe and crime free
 - A Community which is healthy and educated
 - A vibrant and growing local economy
 - A District with community programmes and facilities for all
 - A community which values its culture and heritage
 - The distribution of benefits between the community as a whole, any identifiable part of the community and individuals.
 - The period in or over which those benefits are expected to occur.
 - The extent to which the actions or inaction of particular individuals or groups contribute to the need to undertake the activity.
 - The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.
 - Council also considers 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.

5. Funding Policy Statements

Section 103 (1) of the Act requires Council to state policies in respect of the funding of operating and capital expenses from the sources listed in section 103 (2) of the Act.

The sources referred to in Section 103(2) include:

- (a) general rates, including -
 - (i) choice of valuation system; and
 - (ii) differential rating; and
 - (iii) uniform annual general charges:
- (b) targeted rates
- (c) fees and charges
- (d) interest and dividends from investments
- (e) borrowing
- (f) proceeds from asset sales
- (g) development contributions
- (h) financial contributions under the Resource Management Act 1991
- (i) grants and subsidies
- (j) any other source.

Having considered section 103(2) and 101(3)(a) and (b) of the Act, Council developed the following policy statements:

- (a) The general rate is to be applied to funding any activities that provide benefit to the whole community or where it is impracticable to fully recover costs through charging direct users and exacerbators. This policy applies to operating expenses and, where Council considers appropriate, capital expenditure. The level of general rates is based on the funding required to provide agreed Council activities after identifying the other income sources. General Rates will be used to fund both

operating and capital expenditure and the repayment of debt

- (i) The valuation system to be used for assessing the general rate is land value. This applies to assessing the general rate to fund both operating expenses and capital expenditure.
- (ii) The differentials to be applied to the general rate are:
 - Residential - steps on high value properties
 - Rural differential
 - Multi-unit -differential
 - Commercial or Industrial -differentialThe funding impact statement details the purpose of having separate rating differentials. These differentials apply to the general rate to fund both operating expenses and capital expenditure.
- (iii) A uniform annual general charge is to be applied to each separately used or inhabited part of each rating unit in the district. This is to be used to fund benefits, in any activity of Council where the benefits are consumed district-wide, and a fixed charge is deemed to be more appropriate than one based on property values.
- (b) Targeted rates will be determined using the mechanisms provided in Schedule 2 and 3 of the Local Government (Rating)

Act 2002, as Council deems appropriate, to fund either operating expenses and/or capital expenditure, including repayment of debt.

(c) Council will apply user fees and charges to fund operating expenses of an activity where the beneficiaries can be identified and charged. When setting fees and charges, Council takes into account a number of considerations including indirect benefit to the community, distribution of benefits and ability to pay. Council will also apply user fees and charges to fund capital expenditure if appropriate. This is normally done to service loan repayments. The actual dollar amount of the fees can be found in the fees and charges schedule which is approved annually through Council resolution. Council proposes to use the fees and charges to fund the following activities:

- Land Information Memorandum/Project Information Memorandum
- Building consent, administration and other fees
- Food Premises licensing fees
- Other Premises Licensing Fees
- Liquor Licensing
- Swimming Pool Inspections
- By-law Related Fees
- Dog Registrations

- Stock ranging/impounding charges
- Parking Fees
- Resource Management Administrative Charges
- Resource Consent Monitoring
- Changes to the District Plan
- Forum North Hireage
- Library Charges
- Pensioner Housing Rentals
- Playing Field Rentals
- Reserve/Park Rentals
- Cemetery Charges
- Solid Waste Disposal Fees
- Laboratory Testing Fees
- Waste Drainage Charges
- Water Connections/disconnections
- Official Information.

Council uses interest and dividends from investments to reduce the requirement to raise general rates. In as much as the general rate funds both operating expenses and capital expenditure, then so do interest and dividends from investments.

(d) Council will fund major grants for the development of community assets owned by other organisations by borrowing if appropriate. Other than major grants council will fund operating expenses from borrowing only when it is prudent to do so and subsequent to public consultation and special resolution by council. Council

will fund any capital expenditure it deems appropriate to be funded by borrowing. The application of debt will only be applied after other available sources of funds are exhausted.

- (e) Proceeds from asset sales will be used to fund capital expenditure and retirement of borrowing only after any debt related to the asset disposed has been retired. Proceeds from asset sales will not be used to fund operating expenses unless Council considers it prudent financial management to do so.
- (f) Council will use funds from development contributions to fund capital expenditure in accordance with Section 204(1)(a) of the Local Government Act 2002. Council will not use funds from development contributions to fund operating expenses in compliance with Section 204(1)(b) of the Local Government Act 2002.
- (g) 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 to fund operating expenses.
- (h) Grants and subsidies received by Council will be applied to the purposes for which they are received, either funding operating expenses, or capital expenditure, as appropriate in each individual case.

- (i) Depreciation reserves will be used only to fund capital expenditure including loan repayments. Retained earnings reserves will be used to fund either operating expenses or capital expenditure at Council's discretion. Special reserves will be used to fund either operating expenses or capital expenditure according to the policies that apply to the reserves.

6. Funding of Operating Expenditure

Operating expenditure is incurred for Council's day-to-day operations, for example services such as Council administration, collecting rubbish, providing street lighting, maintaining gardens and issuing building consents.

Council determines the most appropriate way of funding operating expenses for each activity by assessing the nature of benefits provided from the activity, which benefits and for what period.

Funding sources are attributed to activities based on the funding source and the nature of benefits provided from the activity, which benefits and for what period. The funding sources available in section 103(2) of the Act can be allocated to activities on this basis, using the concept of who benefits from the provision of activities as public, private, exacerbator or other. Council has provided the analysis of section 101(3) of the Act for

each activity as detailed later in this policy. The concept of public, private, exacerbator or other are defined below:

7. Public Good

An activity should be collectively funded if those that benefit directly cannot be identified and/or if those that benefit directly cannot be excluded from using the service. Footpaths are an example of a public good activity.

8. Private (User Pays)

An activity should be funded on a user-pays basis if an individual or groups of individuals directly receive benefits of the activity exclusively, and the costs of the activity can easily be attributed to that individual or group of individuals. Community housing is an example. For the purposes of the policy targeted rates are deemed to be a private funding source.

9. Exacerbator

An activity should be funded by an exacerbator if the service prevents the negative effects of the actions of (identifiable) persons. Parking enforcement is an example.

10. Other

Other funding sources relate to grants and subsidies, interest and dividends from investments, profits from asset sales and other revenue from taxes such as the Local Authorities petroleum tax.

11. Sources of Funding for Operating Expenditure

Council uses a mix of revenue sources to meet operating expenses. These funding sources are:

Funding Source for operating expenditure	Budgeted revenue Source (%) (based on current source ¹)	Funding Source
General Rates	30.5%	Public Good
Recreational & Coastal Amenity Rates	1.0%	Private (User Pays)
Sewage Rates	10.5%	Private (User Pays)
Refuse Collection and Service Rate	2.5%	Private (User Pays)
Water Rates	9.5%	Private (User Pays)
Special Rates and Roothing Schemes	0.5%	Private (User Pays)
Grants and Subsidies ²	15.5%	Other
User Fees and Charges, including Fines and Penalties and rental income	17.5%	Private (User Pays)/ Exacerbator
Interest and dividends from Investments	0.5%	Other
Profits from Asset Sales	0.5%	Other
Development Contributions	7.5%	Private (User Pays)/ Exacerbator
Rates and Levies, including Rates Penalties	2.0%	Public Good/Private (User Pays)/Exacerbator
Other taxes such as Local Authorities Petroleum Tax	1.0%	Other
Miscellaneous	1.0%	Other

¹ The funding percentage is not stating the target of funding.

² Grants and Subsidy income includes NZTA subsidies which primarily contribute towards the Capital expenditure of Roothing infrastructure.

The process for funding operating costs for each of the 14 group activities is as follows:

- Any operating grants or subsidies for a particular activity are applied in reduction of the gross cost.
- Where it is practical to recover the designated portion of the net operating cost of an activity from a private user or exacerbator, fees and charges are set at levels designed to achieve this provided there is not legislative constraints on doing this.
- Any net income from investments or petrol taxes may be applied and any residual requirement will be funded through general rates and all user charges.

12. Financing Policy in respect of the Funding of Capital Expenditure

Council takes a consolidated approach to the management of its financial position. Through its LTCCP it determines what capital expenditure is sustainable within the prudent guidelines as set out in the Liability Management Policy and the Investment Policy. Asset management plans are maintained for all infrastructural assets and these provide information about asset condition and asset renewal programmes required to maintain desired service level (See table next page).

13. Financial/Development Contributions

Section 102(4)(d) of the Local Government Act 2002 required Council to adopt a policy on development or financial contributions as a component of its Funding and Financial Policies by 30 June 2005.

Development contributions are enforceable through the Local Government Act 2002 and can be defined as a contribution of land or money required to meet the costs of capital expenditure resulting from growth. Development contributions can be charged on reserves, network infrastructure and community infrastructure.

Financial contributions are enforceable through the Resource Management Act 1991 and can

Revenue and Financing Policy

Type of asset purchase	Funding Sources
Routine on-going plant and equipment purchases - smaller plant and equipment purchases	<ul style="list-style-type: none"> • depreciation • proceeds of assets sales • operating surpluses or borrowing • debt
Capital renewals - Larger capital projects which replace similar existing assets	<ul style="list-style-type: none"> • subsidies and grants (when available) • depreciation • development contributions (in accordance with policy) • operating surpluses or borrowing
New capital developments - new assets which are completely new or are significantly different from the asset which they replace	<ul style="list-style-type: none"> • subsidies and grants (when available) • user contributions • reserves • financial/development contributions (in accordance with policy) • operating surpluses or borrowing

be defined as a contribution of land or money required to mitigate effects in the community as a result of an action. This may include added capacity required as a result of growth.

14. Borrowing

Borrowing is an appropriate funding mechanism to enable the effect of peaks in capital expenditure to be smoothed and also to enable the costs of major developments to be borne by those who ultimately benefit from the expenditure. This is known as intergenerational equity principle and means the costs of expenditure should be recovered from the community at the time or over the

period the benefits of that expenditure accrue. It is not appropriate or sustainable for all capital expenditure to be funded from borrowings. In periods of low capital expenditure borrowing should be reduced.

The tables on the following pages show how, for each of the 13 Activity Areas of this LTCCP as well as the support group, Council has considered a number of issues in relation to the funding sources for these activities. For further information on how the various activities contribute to the Community Outcomes please refer to the relevant Activity Group.



1. Transportation



Roading Network					
Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
<p>Maintenance of existing roads and facilities - regardless of road usage, all residents are likely to receive some benefit from roads. Roads are public goods as their use is non-rival and non-excludable.</p> <p>Provision of new facilities - new roading facilities constructed in new subdivisions directly benefit the developer.</p> <p>Upgrading of existing roads and facilities - is a benefit to all road users. In many cases the people who reside closest to the upgrade will gain the most benefit.</p>	<p>The benefits of road facilities occur both in the short and the long term.</p>	<p>A key element of the infrastructure of the District is having a reliable and well-maintained roading network. All road users benefit from well-maintained roads, which facilitate access for a range of commercial and private purposes.</p> <p>The allocation to the developers of costs of developing new roads and roading facilities as a consequence of new subdivisions ensures ratepayers are not funding the full cost of new developments.</p>	<p>There are negative environmental effects arising from road usage such as air and stormwater pollution, noise pollution, erosion of the road surface, and loss of amenity.</p> <p>Heavy vehicles account for much of the wear and tear on the District's roads.</p> <p>Upgrading of existing roads and facilities is required to meet the demand created by District growth.</p>	<p>Maintenance of new existing facilities - to be funded by general rates (net of NZTA Subsidy).</p> <p>Provision of new facilities - to be funded by developer and development and financial contributions where appropriate.</p> <p>Upgrading of existing facilities - to be mainly funded by general rates (net of NZTA Subsidy) and in some instances targeted rates for specific activities.</p> <p>Developer provided and financial/development contributions to assist with the capital cost of providing roading infrastructure to cater for growth.</p> <p>Loan funding to be used for significant projects.</p>	<p>Road access is fundamental to the participation in social and economic activities and therefore costs should be borne by the community as a whole.</p> <p>It can also be argued that as a result of the environmental impacts of road usage, the costs should be made explicit to those that use them - reinforcing the user pays principle; however it is not practical to enforce user pays.</p>

Revenue and Financing Policy

Parking & Footpaths					
Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
<p>Car parks are provided mostly in commercial areas for the benefit of both the people who use the parking facilities and the business owners who have increased patronage.</p> <p>Maintenance of existing parking facilities - all residents, road users and commercial businesses benefit from adequate parking facilities in both our urban and non-urban areas. Parking encourages visitor numbers and amenity usage.</p> <p>Provision of new facilities - as above.</p>	<p>The benefits of road facilities occur both in the short and the long term.</p>	<p>The adoption of user pays method to fund car parks will encourage more efficient use of land in urban areas and in the use of private motor vehicles.</p> <p>To fund capital costs by charging all ratepayers as the community as a whole benefits.</p>	<p>The funding of this activity does not arise because of the negative effects of actions or inactions of specific individuals or groups of individuals. However, Council needs to undertake this activity in part to meet the demand created by existing users and the growth of the District.</p>	<p>Operating costs to be funded by parking users (user pays) and general rates.</p> <p>Capital costs of new parking facilities are to be funded from general rates, development contributions and through loans as necessary.</p>	<p>The entire community creates the need for an accessible urban environment. User charges are an efficient and practical way of funding this activity. Rate funding of car parking does not take into account the scarcity of land in the urban centres, the effect on urban design and the environmental cost of encouraging private motorcar use within the District.</p>
<p>Most new footpaths are constructed in new subdivisions. Footpaths benefit the individual property owners; it follows that the cost of developing new footpaths as a consequence of new subdivisions should be allocated to developers.</p> <p>There are some circumstances where Council may construct footpaths that are not related to new subdivisions. New footpaths are a public good and non-excludable and to a large extent, non-rival; the capital costs of footpaths should be allocated to the community overall.</p> <p>The maintenance costs of existing footpaths should be met by the general community as footpaths are public goods and their use is non-rival and non-excludable.</p>	<p>The benefits of footpaths accrue both in the short and the long term.</p>	<p>Where appropriate new footpaths are to be financed from development contributions.</p> <p>The maintenance and upgrading of current footpaths and the provision of footpaths not related to new subdivisions will be met out of general rates.</p>	<p>This activity is not undertaken to mitigate any negative effects arising from the action or inactions of individual or groups of individuals. However, Council needs to undertake this activity in part to meet the demand created by existing users and the growth of the District.</p>	<p>General Rates to fund the maintenance and update of existing footpaths.</p> <p>Primarily by developer provided and development/financial contributions for footpaths created in new subdivisions with the balance from general rates and borrowing.</p>	<p>Walking is the most basic land transport mode available to all. The funding mix adopted ensures the construction of footpaths to meet the District's growth and encourages the use of these facilities. The cost sharing basis will have a favourable overall impact on the current and future social, economic, environmental and cultural well-being of the community.</p>

2. Wastewater



Collection, Treatment and Disposal of Wastewater					
Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
<p>Houses and other users within defined catchment areas are connected to the District's wastewater systems. Properties outside these defined schemes make their own arrangements for wastewater disposal. Properties that are connected to the District's system derive a benefit because all wastewater generated by the properties can be disposed of through the network.</p> <p>The disposal of wastewater generated also benefits the community as a whole through positive effects of public health and the environmental benefits of having a public sewage collection, treatment and disposal system.</p>	<p>The benefits of these services accrue both in the short and the long term.</p>	<p>Council funds wastewater through a Uniform Annual Charge levied on properties if they are connected to a Council operated network. The aim is to recover all costs over the long term as user pays charges.</p> <p>Some major projects may require borrowing for cash flow purposes. Some central government subsidy may be available to assist with the capital cost of some projects.</p> <p>Capital contributions on some projects may be levied, for example where Council moves to connect a community to a network to replace use of septic tanks.</p> <p>In the case of new growth related developments the capital costs are also supported by financial/development contributions to assist with the cost.</p>	<p>These activities are required to existing users and cope with the District's growth and the increasing environmental standards applying to the discharge of treated wastewater.</p>	<p>Targeted rates and user pays.</p> <p>Developer provided and financial/development contributions to assist with the capital cost of extending the network to cater for growth.</p> <p>Loan funding may be used for significant projects.</p>	<p>The overall impact of the funding mechanism on the current and future social, economic and environmental and cultural well-being of the community is considered fair. The Uniform Annual Charge recognises the specific costs associated with the service being provided, and allocates that cost to users. A user charge based on the measured volume of wastewater produced by a property would be fairer but currently there is no legal mechanism available to Council for this approach.</p>

Public Toilets					
Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
The user receives benefit from both the facilities being available and from them being clean. The community is protected from potential public health hazards if such facilities were not available. Businesses benefit from the service because it supports visitors coming to the District.	The benefits of these activities will accrue in the short and long term.	Public toilets are for the convenience of immediate users, but also provide positive social, economic and cultural benefits to the general public. The provision of public toilets should therefore be funded from general rates, supported by financial/development contributions to assist with the capital cost of extending the network to cater for growth.	The need for public facilities arises out of existing users and of the District growth and increase in visitor numbers to our community centres, parks and beaches.	General rates supported by developer provided and financial/development contributions to assist with the capital cost of extending the network to cater for growth.	Appropriate provision of public conveniences achieved.

3. Solid Waste



Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
These services benefit both the individual receiving the service and the community at large. The individual benefits arise from the convenience of disposal. Benefits to the community include safeguarding public health and avoiding problems of illegal dumping.	The benefits of these services accrue both in the short and the long term.	The costs of collection and disposal of solid waste are recovered through user charges at the landfill entry and Uniform Annual Charges. Council has user charges via the use of prepaid bags or stickers for collection services, and entry charges at District transfer stations. Funding from Uniform Annual Charges will still cover part of the overall cost of service. The establishment of a new landfill may require borrowing to be made to smooth cash flow over the investment period.	This activity has arisen due to the negative effects of the production of solid waste by the residents and businesses. In part, it is caused by the District's growth. Council incurs costs in attempting to minimise the amount of waste that is produced.	Targeted rates and user pays. Uniform Annual Charges. Developer provided and financial/development contributions to assist with the capital cost of extending the infrastructure to cater for growth. Loan funding may be used for significant projects. Sale of the Re:Sort facility and Puwera land to the Joint Venture will be used to fund Council's share of the Joint Venture and debt repayment. Interest and dividends from the Joint Venture.	There is a legal responsibility under the Local Government Act for all Councils to plan to manage solid waste. Requiring users to pay for the waste they produce is a key mechanism by which Council has to achieve its waste management targets. This will have a favourable impact on the environmental well-being of the community.

4. Stormwater



Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
<p>Activities relating to stormwater management will have a mix of private and public benefits arising from flood protection and pollution control.</p> <p>Flood Prevention - The need for flood prevention is brought about by urbanisation. Urban activity alters the natural flows of water including through the increase in impermeable surfaces which generate more run-off than the natural catchment.</p> <p>Pollution Control - The need for pollution control relates to contamination caused by such activities as the use of motor vehicles, litter dropping, and effluent disposal.</p>	<p>The benefits of this activity will accrue in the short and long term.</p>	<p>Capital expenditure required to service new subdivisions and other developments should be allocated to developers because developments require stormwater infrastructure investment to mitigate the effects of the changes in the volume and quality of stormwater.</p> <p>Capital expenditure not related to new subdivision activity should be funded by the general ratepayer.</p>	<p>These activities are required to cope with the District's projected growth as well as the back log of issues that have arisen due to the negative effects of past growth.</p> <p>Flood Prevention - The need for flood prevention is brought about by urbanisation.</p> <p>Capital expenditure required to service new subdivisions and other developments should be allocated to developers because developments require stormwater infrastructure investment to mitigate the effects of the changes in the volume and quality of stormwater.</p> <p>Capital expenditure not related to new subdivision activity should be funded by the general ratepayer.</p>	<p>General rates.</p> <p>The provision of new facilities is to be provided by developers and financial/development contributions to assist with the capital cost of extending the network to cater for growth.</p> <p>Loan funding may be used for significant projects.</p>	<p>The entire community benefits from the safe and efficient discharge of stormwater. The adoption of developer pays approach to fund the negative effects associated with development achieves a fair balance between wider users and the developer.</p>

5. Water



Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
<p>The individual user benefits from the use and consumption of clean water to maintain a healthy lifestyle.</p> <p>All water is charged for by meter so all users or suppliers of services using water pay in direct proportion to the quantity of water used.</p> <p>Some properties who are not connected to the public water supply but are able to be connected receive a benefit from the availability and from fire fighting coverage.</p> <p>Capital expenditure incurred to either connect the water supply system of a new property or subdivision or to extend the reticulated system to cover new subdivision, benefit the developer or property owner.</p>	<p>The benefits of these services accrue both in the short and the long term.</p>	<p>The adoption of user pays approach to recover the operating cost of water network is cost effective and transparent.</p> <p>The imposition of financial/development contributions to recover the capital expenditure incurred due to the extension of the reticulated system to cover new subdivisions and growth is an effective and transparent method of allocating the costs to those who benefit from the activity and prevents such costs being imposed on the community.</p> <p>Capital contributions on some projects may be levied, to a maximum of \$4,000.</p> <p>An availability charge may be imposed on a property that is able to connect but chooses not to.</p>	<p>This activity has not arisen due to the negative effects of actions or inactions of individual or groups of individuals. The revenue and financing policy could influence the behaviour of water users. This activity is required to meet the demand created through District growth.</p>	<p>The operating cost of the water supply network is funded from targeted rates and user pays charging method.</p> <p>New subdivisions or developments should fund their local water network connection and the impact of their development on downstream network capacity. This is to be achieved via a combination of developer provided and financial/development contributions.</p> <p>Other local capital projects to improve the overall network will be funded by loans, paid for by water users as a whole or development/financial contributions where costs are related to growth.</p>	<p>Council's intention is to encourage individuals to make decisions about water supply issues from a holistic perspective reflecting the social, environmental and economic costs and benefits of water usage.</p> <p>Charging for water according to the volume of water use ensures that the cost of water supply infrastructure and maintenance are allocated according to the degree of benefit derived by private consumers.</p>

6. Libraries

Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
<p>The three main purposes of our libraries are education, information and recreation. Library Services produce a mix of private and public benefits. People who use library services benefit directly as libraries fulfill important leisure recreation and education roles. Library Services may benefit the community in the following ways:</p> <ul style="list-style-type: none"> - Library services is a positive recreational pursuit which may reduce social problems in the community. - Library services help promote life-long learning and a more educated and skilled population. - Library services provide opportunities for people to engage in democratic and political processes. 	<p>The benefits of these services accrue both in the short and the long term.</p>	<p>Council provides free membership to libraries. The cost of some services can be allocated both to the direct users of library services and to the community as a whole. Policy is to treat core services as common good and to charge for specific additional services.</p> <p>Capital costs associated with upgrading libraries will be funded through rates and through development contributions.</p>	<p>This activity has not arisen due to the negative effects of actions or inactions of individual or groups of individuals. The revenue and financing policy could influence the behaviour of library users. This activity is required to meet the demand created through District growth</p>	<p>General rates. Recreational rates. User pays (direct charges). Development contributions will be used to meet the costs of capital expenditure resulting from the District growth. Loan funding may be used to fund capital costs.</p>	<p>Rates funding of access to libraries contributes to the achievement of the community outcomes sought from this activity. Council believes that there are fairness and equity considerations that warrant allocating a much larger share of the costs to the community as a whole. Public libraries are institutions that have the responsibility for meeting the information needs of the public; in particular those that have no alternative access or cannot afford to use other sources.</p>

7. Parks & Recreation



Parks, Reserves and Natural Areas					
Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
<p>Local parks generate a wide range of benefits to both the individuals who use them and the community as a whole. In general, the community benefits from the ecological benefits provided by the parks, from the conservation of natural and cultural features within them and from the enhanced attractiveness of the District. Parks also play an important role as a natural filter in stormwater management which benefits the entire community.</p> <p>Individuals benefit from the use of parks for leisure and recreational purposes which include the use of the walkways and playgrounds, access to rivers and beaches and use of sites for social interaction and refreshment.</p> <p>Information about sites and systems in reserves is of benefit to all sections of the community.</p>	<p>The benefits of operation and maintenance of parks and reserves accrue in the short and long term.</p>	<p>While parks and reserves provide private benefits, it is extremely difficult and socially undesirable to exclude the general public from using parks, therefore operational costs need to be allocated to the community.</p> <p>Capital costs for new open space and facilities should be met by property developers, as new developments result in more intensive use of the District parks facilities. Can be loan funded.</p>	<p>This activity is not undertaken to mitigate any negative effects arising from the action or inactions of individual or groups of individuals. However, Council needs to undertake this activity in part to meet the demand created by the growth of the District.</p>	<p>General rates. User pays (leases). Subsidies (Employment). Coastal amenity rate. Donations. Development/financial contributions may contribute to the provision of new reserve and recreation facilities required due to District growth.</p>	<p>The provision of high quality, diverse parks and reserves is of benefit to the wider community as well as the individuals who use the parks on a regular basis.</p> <p>The cost of new parks needed as a result of population growth will be borne by the developers who benefit financially from new housing and subdivisions.</p> <p>These methods of funding would contribute to the overall current and future social, economic, environmental and cultural well-being of the community.</p>

Sports and Recreation Facilities					
Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
<p>The wider community benefits from increased leisure opportunities in the District and the provision of such facilities can help create a healthier community. Other public benefits include the provision of open space and improvement of the District amenities. Individuals and groups can use the fields for organised sport or a causal basis for walking, jogging and informal sport. Additionally many of the users of these facilities are the District youth. It is encouraging for the youth to be involved in sporting activities as they may become less likely to be involved in other less desirable activities.</p> <p>Sport fields provide significant private benefits to the associations and clubs using those fields. As a general rule, the more the fields are used the higher the maintenance costs and/or the more facilities that have to be provided.</p>	<p>The benefits of this activity will accrue in the short and long term.</p>	<p>Funding the operating costs of some of these activities from user pays would be transparent, but may not be cost effective. Funding the full cost of the services through user pays will be a disincentive to use the services provided, which in turn would reduce the social benefits.</p> <p>The use of development contributions to fund capital costs relating to upgrades and new facilities required to meet the increased demand is a cost effective way of funding the costs imposed by the growth of the District. It will have a net benefit to the community.</p>	<p>This activity is not undertaken to mitigate any negative effects arising from the action or inactions of individual or groups of individuals. However, existing facilities and the creation of new facilities will be required to meet the demand created by new developments.</p>	<p>User Pays. General rates. Development/financial contributions may contribute to the provision of new facilities required due to District growth.</p>	<p>The funding of sports fields from general rates addresses the equity considerations. This ensures services provided will contribute towards positive community outcomes.</p>

Gardening Services					
Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
<p>Gardening services generate a wide range of benefits to the community as a whole as well as to the individuals. In general, the community benefits from the ecological roles that gardens and trees contribute and from the enhanced attractiveness provided to the District. Plants provide shade, texture and colour, ameliorate the climate and reduce erosion.</p> <p>Individuals benefit from the aesthetic value, from the enhancements to the environment and from the sense of place and local character provided.</p>	<p>The benefits of District image will accrue in the short and long term.</p>	<p>Funding of this activity entirely from user pays is not practical. The most cost effective funding is from general rates. Some funding is received from the rental of some gardens.</p>	<p>This activity is not undertaken to mitigate any negative effects arising from the action or inactions of individual or groups of individuals. However, existing gardens and the creation of new gardens contribute towards improving the appearance of the District.</p>	<p>Direct users when hiring park sites and the conservatory. Events and services.</p> <p>General rates for the remaining costs.</p> <p>Development/financial contributions may contribute to the provision of new facilities required due to District growth.</p>	<p>Funding from direct users when gardens are leased for services is an appropriate mechanism for funding. The remaining cost to be funded from general rates due to the public benefits of gardening services including the creation of an attractive town centre and surrounding areas.</p>
Aquatic Centre					
<p>Private benefits for the Aquatic Centre are derived from casual or regular use of the pool. The Aquatic Centre also has benefits that accrue to the public in general. These include:</p> <ul style="list-style-type: none"> - The community as a whole benefits from facilities, which increase leisure opportunities in the District and help create a healthier community. - Many of the users are youth. The more of the District's youth who are involved in organised activities such as sport, the less likely they are to become involved in other potentially 'antisocial' behaviour. 	<p>The benefits of these activities will accrue both in the short and the long term.</p>	<p>The funding of the full operating costs through user pays would act as a disincentive to use and would reduced the social benefits expected. The use of development contributions to fund the capital costs is an effective way of funding the costs as it will have a net benefit to the community.</p>	<p>This activity has not arisen due to the negative effects of actions or inactions of individual or groups of individuals. The upgrading and creation of new facilities will be required to meet District demand.</p>	<p>General rates.</p> <p>User charges.</p> <p>Financial contributions.</p> <p>Development contributions will be used to meet the costs of capital expenditure resulting from District growth.</p> <p>Loan funding can be used to provide new facilities.</p>	<p>To maximise community participation in sport, leisure and recreation; funding source primarily from the general ratepayer will produce the most environmental, cultural and societal benefits.</p>

Cemeteries and Crematorium					
Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
<p>The entire community benefits from respect for and provision for the historical significance of those who have passed away. A significant portion of the benefits of this function are private benefits, which accrue to the relatives and friends of the deceased.</p> <p>Benefits are also derived from enabling cultural values to be upheld, health standards to be met and also from the park-like environment of the cemetery for reflection, recreation and social values.</p>	<p>The benefits of these activities will accrue both in the short and the long term.</p>	<p>Capital expenditure not related to new subdivision activity should be shared by the general ratepayer.</p>	<p>The entire community creates the need for cemeteries and related services. Council is obliged by law to provide cemetery services and also chooses to provide crematorium services.</p>	<p>User charges for burial and crematorium services.</p> <p>General rate funding for the park aspects of the function.</p> <p>Capital costs associated with the developing and upgrading of facilities to accommodate growth will be funded through general rates and development contributions.</p>	<p>The adoption of a mix of financing methods to fund these activities enables Council to achieve a balance in the overall impact on the current and future social, economic, environmental and cultural well-being of the community.</p>

8. Community Services



Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
Council is involved in the provision of a range of programmes aimed at improving the safety and reducing crime in the home, District and on the roads. These programmes benefit everyone in the Community by making Whangarei a safer place to live and work.	The benefits of these activities will accrue both in the short and the long term.	To be funded by general ratepayer as it is not practical to identify beneficiaries and charge them for certain activities.	This activity does not arise because of the negative effects of actions or inactions of specific individuals or groups of individuals.	General Rates. Other Subsidies.	It is not desirable to exclude anyone from receiving the benefits of the services provided; and everyone, regardless of income, must have access to basic information, which is fundamental to participating in society.
Council works with Community organisations and groups to develop the capacity of Community organisations and promote active participation. Council has strong partnerships with key Community organisations which promote art, cultural and service activities in the District. Council provides access to a range of activities and financial assistance in support of events, activities which add to the vibrancy of the District and which strengthen the image and appeal of the District as a place to live and visit.	The benefits of these services accrue both in the short and the long term.	Work in this area is focused on improving general community well-being and social infrastructure, creating a more equitable society and building strong relationships between Council and community groups for the benefit of District residents. Strengthening the local community is vital to District well-being and to developing a sustainable local economy. Where the activity relates to an individual or group user pays applies. Otherwise the common good prevails.	This activity does not arise because of the negative effects of actions or inactions of specific individuals or groups of individuals.	Council's contribution to Community projects will be funded from General Rates. Where Council makes a grant to a non-profit organisation for an asset being constructed by that organisation, Council may, at its discretion, fund this grant from borrowing if the asset concerned makes a contribution to the community outcomes identified.	A Community with a range of arts and cultural activities. Strengthening organizations enabling them to provide services to the community. Promoting the District image and cultural development
Council is involved in developing more programmes, events and facilities for younger persons within the District. Also in providing opportunities for young people to communicate their wishes to Council, enabling young people to participate in developing a more attractive and interesting community.	The benefits of these activities will accrue both in the short and the long term.	To be funded by general ratepayer as it is not practical to identify beneficiaries and charge them for certain activities.	This activity does not arise because of the negative effects of actions or inactions of specific individuals or groups of individuals.	General Rates.	It is not desirable to exclude anyone from receiving the benefits of the services provided.

9. Property



Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
Commercial Property					
The operation of a commercial property portfolio at commercial investment returns lowers Council's dependence upon rating revenue.	The benefits of these activities will accrue both in the short and the long term.	These activities are not legally required but the result of the activities is of benefit to the wider community. The activities do not require funding from general rates.	This activity has not arisen due to the negative effects of actions or inactions of individual or groups of individuals.	Self funding. Sale of property for debt reduction and/or other investments.	The activity makes a positive contribution to the funding of other Council activities.
Pensioner Housing					
The benefits of this service accrue principally to the tenants of the housing. There are also some public benefits to the extent that the service satisfies the community's desire to cater for the needs of older persons.	The benefits of these activities will accrue both in the short and the long term.	Funding of operating costs of this service from rent charges is cost effective, efficient and transparent.	This activity does not arise because of the negative effects of actions or inactions of specific individuals or groups of individuals.	User Pays.	While there are some public benefits, the key issue in determining the allocation of costs is equity including 'ability to pay'. Although there are some social benefits associated with this activity and ability to pay issues for some groups in the community. Council has signaled that it does not wish ratepayers to fund the operating costs.
Forum North					
Arts and Culture contribute to society by enhancing social cohesion, education and building a sense of community identity. These are public benefits. These are benefits for private individuals, specifically the artists, cultural groups, audiences and retailers who participate in events.	The benefits of funding this activity occur in the short and long term.	The allocation of costs relating to arts and events is best met by a combination of user charges and rates with user charges set at a level that supports Council's objectives for that particular event. Policy is to set charges on a tier structure which subsidises community based groups.	This activity has not arisen due to the negative effects of actions or inactions of individuals or groups of individuals.	General rates. User pays development contributions will be used to meet the costs of capital expenditure resulting from the District growth.	The benefits for a vibrant arts and events scene in the District accrue to everybody, through developing and providing outlets for creativity bringing people together and creating a shared sense of identity and belonging in the District. For some people ability to pay may be an issue. For reasons of fairness and equity, it is desirable to allocate a higher proportion of the costs of some events to the community.

Revenue and Financing Policy

Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
Community Halls					
Community buildings provide both public and private benefits. The level of public and private benefits differs with different uses; some uses of halls (e.g. weddings and 21st birthdays) are primarily private benefits provided in direct competition with the private sector. The use of community buildings by non-profit community groups and other social service groups provide a service to the local community which generates significant public benefits, including promotion of community cohesion, networking and a space for a range of community activities to be provided locally.	The benefits of providing community buildings will spread from short to long term.	The use of facilities for community activities and events should be funded by the general ratepayer. The use of facilities for private functions should be funded by user charges which is likely to generate a net benefit to the community in the form of efficient allocation of community resources.	Entire community creates need for events and facilities for community involvement and development.	User pays. General rates. Loan funding may be used to fund capital costs.	The adoption of a mix of financing methods to fund these activities enables to achieve a balance in the overall impact on the current and future social, economic, environmental and cultural well-being of the community.
Legalisation					
The legalisation arm of Council provides for the purchase and sale of property by Council, following the legal process set out in the Local Government Act.	The benefits of these activities will accrue both in the short and long term.	To be funded by general ratepayers as this activity is performed for the common good.	This activity does not arise because of the negative effects of actions or inactions of specific individuals or groups of	General rates.	It is not desirable to exclude anyone from receiving the benefits of the services provided.

10. Building Compliance



Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
Building Compliance					
<p>This activity includes building consents issuing, building complaints and the monitoring of commercial buildings.</p> <p>Building consents and monitoring ensure minimum standards of building safety and health. However these public benefits are recognised in the legal requirements and it is the responsibility of the applicants to ensure their buildings are healthy and safe. The consent process can be seen as being of primary benefit to the applicant as it enables the applicants to meet their legal requirements; applicants should therefore bear the cost of consent processing and inspections.</p> <p>Advice and information primarily also benefits the person asking for the advice and may be allocated to the persons asking for advice.</p>	<p>The benefits of providing community buildings will spread from short to long term.</p>	<p>The enforcement component of this function involves responding to complaints and ensuring statutory compliance in situations not covered by building consents. Where the people responsible for costs can be identified the costs can be allocated accordingly.</p>	<p>Council performs a range of regulatory functions to address the negative effects of actions or inactions of specific individuals or groups of individuals.</p>	<p>User pays. General rates.</p>	<p>The adoption of a mix of financing methods to fund these activities ensures that costs are allocated where possible to beneficiaries or polluters and to the community where social benefits are generated. This approach enables Council to achieve a balance in the overall impact on the current and future social, economic, environmental and cultural well-being of the community.</p>
Land and Property Information					
<p>This service is principally provided to serve those seeking property based information from Council. It is the particular person involved in requesting the Land Information Memorandum (LIM) or property file who benefits from the information.</p>	<p>The benefits of this activity will accrue in the short and long term.</p>	<p>The costs allocated with this function should be allocated to the direct users of the service. Currently we have a mix of general ratepayer and user pays for the supply of property information.</p>	<p>This service is principally provided to serve those seeking property based information from Council. It is the particular person involved in requesting the Land Information Memorandum (LIM) or property file that benefits from the information.</p>	<p>General rates. User pays.</p>	<p>Funding of these activities will be funded partially from rates and partially from user pays due to both the private and public benefits of having access to reliable information which will have favourable overall impact on the current and future social, economic, environmental and cultural well-being of the community.</p>

11. Regulatory Services



Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
Environmental Health					
Enforcement of legislation relating to nuisances and by-laws is for the benefit of the public. Ensures that high standards of safety and quality of health are maintained.	The benefits of these services accrue both in the short and the long term.	Offenders of legislation relating to nuisance and by-laws (such as noise offenders) cause enforcement costs to the community. The costs incurred in monitoring food premises and the like benefits the community through assurances gained through minimum standards. The allocation of costs between private and community can best be met by a mix of user charges, fines and rates funding. However there are some problems in recovering all costs allocated to private beneficiaries due to legislative limitations of fees that can be charged. There are also difficulties in recovering costs from exacerbators due to a lack of legal basis, in some cases on which to charge.	Council performs a range of regulatory functions to address the negative effects of actions or inactions of specific individuals or groups of individuals.	User pays. General Rates.	The adoption of a mix of financing methods to fund these activities ensures that costs are allocated where possible to beneficiaries or polluters and to the community where social benefits are generated. This approach enables Council to achieve a balance in the overall impact on the current and future social, economic, environmental and cultural well-being of the community.
Parking and By-laws					
Parking Enforcement - Both vehicle users and commercial businesses benefit from parking enforcement as it ensures parking spaces are more readily available.	The benefits of road facilities occur both in the current period.	To apply user charges for operating costs to the users of parking space and fine overstayers.	Council performs a range of regulatory functions to address the negative effects of actions or inactions of specific individuals or groups of individuals.	Enforcement costs to be funded by car park users and overstayers.	The entire community creates the need for an accessible urban environment. User charges are an efficient and practical way of funding this activity. Rate funding of car parking does not take into account the scarcity of land in the urban centres, the effect on urban design and the environmental cost of encouraging private motorcar use within the District.

Revenue and Financing Policy

Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
Liquor Licensing					
Ensures that high standards of safety and quality of health are maintained and ensuring compliance with correct host responsibility and the Sale of Liquor Act.	Improvement in the sale and supply of liquor to the general public as long as it applies to the Sale of Liquor Act.	Policy is to license premises for fees as prescribed by Central Government.	Council performs a range of regulatory functions to address the negative effects of actions or inactions of specific individuals or groups of individuals.	User pays - fees as set by statute. General rates.	User charges are an efficient and practical way of funding this activity.
Animal Control					
Dog owners need to comply with legislation relating to dog registration. Dog owners are the main beneficiaries of the expenditure associated with the dog registration system and owner education. Public also receive benefits from dogs that are well controlled.	The benefits of these services accrue in the immediate term.	Costs of impounding may be allocated to the animal owners causing those costs to be incurred. Where it is not possible to identify owners (unregistered dogs) it is considered that costs should be allocated to the community in general as these activities benefit the community as a whole. Cost of complaints should, under the principle of 'exacerbator pays', be recovered from the owner of the dog being complained about, but there are practical difficulties in doing so.	Council performs a range of regulatory functions to address the negative effects of actions or inactions of specific individuals or groups of individuals.	User pays. Exacerbator pays. General rates.	The adoption of a mix of financing methods to fund these activities ensures that costs are allocated where possible to beneficiaries or exacerbators and to the community where social benefits are generated. This approach enables Council to achieve a balance in the overall impact on the current and future social, economic, environmental and cultural well-being of the community.
Compliance Monitoring					
Council has an obligation under the Resource Management Act 1991 to monitor and where necessary enforce compliance with the provisions of the District Plan and the Act. This is generally for the benefit of the community because non-compliance by applicants can impose social and environmental costs, which could be avoided by enforcement.			If an individual benefits from a granted resource consent, then monitoring costs can be oncharged. Some cost remediation and the cost of enforcement can be recovered under the exacerbator regime.		

12. Resource Consents



Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
<p>The costs associated with processing resource consents - for both human and natural environments - are primarily for the benefit of the applicant.</p> <p>There are exceptions where development provides for the permanent protection of natural or physical resources that have a value for the wider public good, such as native bush or sites of significance to Māori. However, there are generally trade-offs accepted by a resource consent applicant that allows development to proceed.</p> <p>Work carried out by Council associated with processing subdivision engineering plans and scheme plans is of direct benefit to the developers.</p>	<p>The benefits of these services accrue both in the short and the long term.</p>	<p>Resource management is critical for achieving sustainable development for the District. The allocation of costs to those who benefit from the services, or those who cause such costs, is beneficial to the community because the community does not have to bear such costs. It is also a transparent method of funding the services provided.</p> <p>However, user pays method is not practicable and cost effective for some services such as verbal advice. In addition, there is considerable scope for promoting Council's wider goals through the information and advice function. Hence funding of this group of services from a mix of sources is likely to generate more net benefits.</p>	<p>Council performs a range of resource management functions to address the potential negative effects of actions or inactions of specific individuals or groups of individuals and the growth of the city has an obligation, under the Resource Management Act 1991, to monitor and, where necessary, enforce compliance with the provisions of the District Plan and the Local Government Act.</p>	<p>User pays. General rates.</p>	<p>Resource management is critical for achieving sustainable development for the District. The allocation of costs to those who benefit from the services, or those who cause such costs, is beneficial to the community because the community does not have to bear such costs. It is also a transparent method of funding the services provided.</p>

13. Policy and Monitoring



Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
<p>The District Plan is prepared for the protection of the environment and the benefit of the community as a whole. Development Strategies and Structure Plans benefit the community currently living in the area covered by the structure plan, developers, and future residents. There is also a benefit to the community as a whole in terms of managing the effects of growth and achieving attractive urban environments. The Plans also guide the planning of necessary/essential services provided by other council departments.</p> <p>Advice and information services have a private benefit, but there is also considerable scope for promoting Council's wider goals through the information and advice function, which will benefit the wider community.</p>	<p>The benefits of these services accrue both in the short and the long term.</p>	<p>There is considerable scope for promoting Council's wider goals through the planning and information and advice function. This creates positive benefits for the wider community and therefore should be funded from general rates.</p> <p>However if the benefit is for an individual such as a Private Plan Change the costs should be born by the beneficiary.</p>	<p>User pays method is not practical and cost effective for some services such as advice and the development of District Plans strategic and Structure Plans.</p> <p>However if an individual benefits from a Private District Plan Change the costs can be charged.</p>	<p>General rates. User charges.</p>	<p>The District Plans strategies and Structure plans have a significant community benefit by reflecting sustainability principles by taking a holistic, long-term view, which takes social, environmental, cultural and economic factors into account.</p>

Support These functions support all 13 Activities as described on the previous pages and contribute indirectly to all six Community Outcomes.

Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
Information Delivery Services and Customer Services					
This service ensures communication lines between the public and Council are effective and responsive. Customer Services ensures payments are processed accurately and in a timely fashion. It also ensures information held by Council such as on individual properties and individual Council initiatives, programmes and events is readily available. Customer Services also ensures public expectations are met.	The benefits of these activities will accrue in the short and long term.	The entire community benefits from access to Council information, efficient dealings and interface with Council.	This service is principally provided to serve those seeking information from Council.	General rates. User pays.	Funding of these activities will be funded mainly from rates but user pays for items such as maps and brochures; this funding will have favourable overall impact on the current and future social, economic, environmental and cultural well-being of the community.
Promotion and Marketing					
Council undertakes policy work to improve its own and the community's understanding of the local and regional economy, and make a range of information available to local businesses on these issues. Council is also involved in advocacy and liaison activities, which aim to strengthen the local and regional economy. While the business sector as a whole benefits from these services, there are also community-wide benefits from the increase in economic activity and employment and income generation resulting from business growth.	The benefits of these services accrue both in the short and the long term.	Identifying individual users and charging them would not be cost effective and it would reduce the overall effectiveness of this activity and the overall economic and social benefits expected. Policy is to provide a core service to ratepayers and visitors at minimal cost.	This activity has not arisen due to the negative effects of actions or inactions of individuals or groups of individuals.	General rates.	Funding of these activities will be funded mainly from rates rather than user pays, which will have favourable overall impact on the current and future social, economic, environmental and cultural well-being of the community.

Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
Rating and Revenue					
Ensures Council has sufficient funds to finance spending on community infrastructure amenities and initiatives.	The benefits of these activities will accrue both in the short and the long term.	These activities are legally required and good management is of benefit to the wider community. These activities are a requirement and they are funded from general rates as the community benefits and it will have a favourable overall impact on the current and future social, economic, environmental and cultural well-being of the community.	This activity has not arisen due to the negative effects of actions or inactions of individual or groups of individuals	General rates.	Funding of these activities from rates reflects the wider benefits to the Community and it will have a favourable overall impact on the current and future social, economic, environmental and cultural well-being of the community.
Debt Management & Budgetary Management					
The integrity of Council's financial management and reporting is crucial.	The benefits of these activities will accrue both in the short and the long term.	These activities are legally required and good management is of benefit to the wider community. As these activities are a requirement they are funded from general rates as the community benefits and it will have a favourable overall impact on the current and future social, economic, environmental and cultural well-being of the community.	This activity has not arisen due to the negative effects of actions or inactions of individual or groups of individuals	General rates. Exacerbator pays (debt collection).	Funding of these activities from rates reflects the wider benefits to the community and it will have a favourable overall impact on the current and future social, economic, environmental and cultural well-being of the community.

Revenue and Financing Policy

Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
Administrative Support					
<p>The provision of support for the identified leaders of the community, both within and outside Council, is critical in respect to Council's effectiveness, efficiency and reputation in the community. This is critical as Council administers or complies with over 100 separate Acts of Parliament on a day-to-day basis.</p> <p>Support comes in the form of resources such as specialised staff offering advice on meetings process and legal matters, administration of Council Chamber and the Forum North building.</p>	<p>The benefits of this activity spread from short to long term.</p>	<p>Overheads (incl. accounting services, human resources, secretarial support etc) are allocated to each area of Council by using cost drivers to estimate the portion of the cost of the overhead department that directly relates to service delivery areas.</p> <p>Council also faces a number of costs that the private sector does not. These democracy and monitoring costs include running Council meetings and holding elections, as well as policy advice, advocacy and consultation. Democracy and monitoring is not treated as an overhead as it is considered an activity in its own right and is funded mostly from rates.</p>	<p>This activity has not arisen due to the negative effects of actions or inactions of individual or groups of individuals.</p>	<p>General rates.</p>	<p>Funding of this activity from rates reflects the wider benefits to the community and it will have a favourable overall impact on the current and future social, economic, environmental and cultural well-being of the Community.</p>
Insurance					
<p>Council holds insurance for all assets through an external insurance broker.</p>	<p>The benefits of this activity spread from short to long term.</p>	<p>The cost of insurance is for the common good and is a general charge to ratepayers.</p>	<p>This activity has not arisen due to the negative effects of actions or inactions of individual or groups of individuals.</p>	<p>General rates.</p>	<p>Funding of this activity from rates reflects the wider benefits to the community and it will have a favourable overall impact on the current and future social, economic, environmental and cultural well-being of the community.</p>

Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
Human Resources					
Staff are crucial to the functioning of council. Development of people contributes to the efficiency of Council as an organisation and improvement in the services that it provides.	The benefits of this activity spread from short to long term.	Overheads (including accounting services, human resources, secretarial support etc) are allocated to each area of Council by using cost drivers to estimate the portion of the cost of the overhead department that directly relates to service delivery areas.	This activity has not arisen due to the negative effects of actions or inactions of individual or groups of individuals.	General rates.	Funding of these activities from rates reflects the wider benefits to the community and it will have a favourable overall impact on the current and future social, economic, environmental and cultural well-being of the community.
Democratic Process					
<p>Council's role is to represent the collective wishes and interests of its communities, as recognised in the Local Government Act. Council's contribution to quality of life and community well-being is therefore at the heart of its role.</p> <p>While Council's functions, duties and powers are conferred by legislation, Council has wide discretion in how it contributes to the well-being of the community. Like every other local authority, it operates within its own unique vision, which depends on the wishes and circumstances of local residents, and goals for the District's long-term future.</p>	The benefits of this activity spread from short to long term.	<p>The funding of information provision from user pays benefits the community because it reduces the financial burden to the community. However, the application of user charges to recover the full cost associated with democratic process is not practical or desirable. Management may apply user charges for the provision of some information.</p> <p>The cost of democracy is for the common good and is a general charge to ratepayers.</p>	Council's role is to represent the collective wishes and interests of its communities, as recognised in the Local Government Act. Council's contribution to quality of life and community well-being is therefore at the heart of its role.	General rates.	<p>Funding of the democratic process through rates is important to promote the community's full participation in community life and the political process at all levels. It will contribute towards the realisation of the community outcomes identified and have a favourable impact on the well-being of the community.</p> <p>The adoption of user charges on a selective basis on requests for large amounts of information or a large number of copies of reports is a benefit to the community as the costs are borne by those who benefit from the service.</p>

Revenue and Financing Policy

Who Benefits	Period of Benefit	Costs and Benefits of Funding the Activity	Who creates the need	Funding Sources	Community Impact (the overall impact of the funding mechanism)
Civil Defence					
<p>Council is required by legislation, (Civil Defence Emergency Management Act (CDEM) 2002), Section 64, to plan and provide for Civil Defence Emergency Management within its District. This planning includes the 4Rs (risk reduction, readiness, response and recovery) and benefits the community as a whole.</p> <p>Council must also, as a requirement of the CDEM Act 2002, Section 12, participate in the Northland Civil Defence Emergency Management Group. This Group is responsible for the CDEM direction in the Northland region and participation by Whangarei District Council also benefits the community as a whole.</p> <p>Rural Fire - Council provides a Rural Fire response to those areas within its District that are not covered by other authorities or private forest owners. This activity benefits the community as a whole as it involved protecting individuals' property, privately owned land and publicly owned areas and reserves.</p>	<p>The benefits of these activities will accrue both in the short and the long term.</p>	<p>The everyday costs of the CDEM activity is funded as a common good cost. In an emergency costs can be recovered for some of the expenditure from Central Government and there is a formal claims process for this.</p> <p>Costs attributed to responding to rural fires can be recovered from the National Rural Fire Fund or from the land owner or individual who through negligence contributed to the fire.</p>	<p>Council performs a range of regulatory functions to address the negative effects of actions or inactions of specific individuals or groups of individuals or natural events. This includes ensuring that emergency management plans are comprehensive and that the public is aware of the risks the District faces and is prepared for them.</p>	<p>General Rates.</p> <p>Central Government for some of the CDEM expenditure in an emergency.</p> <p>There is an ability to recover costs from a Rural Fire from the exacerbator.</p>	<p>The adoption of a mix of financing methods to fund these activities enables Council to achieve a balance in the overall impact on the current and future social, economic, environmental and cultural well-being of the community.</p>

Liability Management Policy

1. Liability Management Policy

1.1 Statutory Objectives

- All borrowing and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will be approved by resolution of Council in accordance with the Local Government Act 2002 and incorporate the Liability Management Policy
- Council will not enter into any borrowings denominated in a foreign currency
- Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than that which Council would achieve without pledging rates revenue
- A resolution of Council is not required for hire purchase, credit or deferred purchase of goods if:
 - the period of indebtedness is less than 91 days (including rollovers)
 - the goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of Council.

1.2 General Objectives

- Minimise Council's costs and risks in the management of its borrowings
- Minimise Council's exposure to adverse interest rate movements
- Borrow funds and transact risk

- management instruments within an environment of control and compliance under Council approved Treasury Management Policy so as to protect Council's financial assets and costs
- Arrange and structure long term funding for Council at the lowest achievable interest margin from debt lenders. Optimise flexibility and spread of debt maturity within the funding risk limits established by this policy statement
- Monitor and report on financing/borrowing covenants and ratios under the obligations of Council's lending/security arrangements
- Maintain liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements
- Ensure that all statutory requirements of a financial nature are adhered to.

2. Borrowing Policy and Limits

2.1 Debt Ratios and Limits

Debt will be managed within the following macro limits.

Ratio	
Net debt as a percentage of rates income	<280%
Net Interest as a percentage of rates income	<25%
Net debt per capita	<\$1,900
Liquidity (Term debt + loan facilities to rolling 12 month peak net debt)	>110%

The ratios below are set well below conservative ratios set as guidelines by international rating agency, Standard and Poor's.

Income is defined as earnings from rates, government grants and subsidies, user charges, interest and other revenue.

'Rates' exclude regional levies.

Borrowing for any project will not exceed the life of the project or 20 years. Debt will be repaid as it falls due in accordance with the applicable loan agreement Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Disaster recovery requirements are met through the liquidity ratio.

2.2 Security/Debenture Trust Deed

Council's borrowings and interest-rate risk management instruments will generally be secured by way of a charge over Council's rates and rates revenue through the provision of issuing stock under Council's debenture trust deed. However, if it is considered advantageous, Council's borrowings and other financial arrangements may be on an unsecured basis, or secured by way of a charge over physical assets. Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset which it funds (e.g. an operating

lease, or project finance)

- Council considers a charge over physical assets to be appropriate
- The Finance Manager ensures that the required register of charges and any associated documents are provided, filed and kept in accordance with the provisions of the Local Government Act 2002 and any other relevant legislation.

2.3 Debt Repayment

Council will manage debt on a netting basis at all times with the exception of additional exemptions that apply to funds vested to Council for specific purposes as dictated by legislation.

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

While Council will generally raise loans on a portfolio basis, interest expenses arising on the existing debt portfolio and future borrowings will be allocated (at Council's actual weighted average cost of funds for the period concerned) to specific assets and activities as determined by Council.

This method will also apply to the allocation of interest by internal accounting associated with Council's use of special funds detailed in Section 5.1.3.

Liability Management Policy

3. Risk Recognition/Identification/Management

The definition and recognition of interest rate, liquidity, funding, counterparty credit, market, operational and legal risk of Council will be as detailed below.

3.1 Interest Rate Risk

3.1.1 Risk Recognition

Interest rate risk is the risk that funding costs (due to adverse movements in market interest rates) will materially exceed adopted annual plans and strategic ten year plan interest cost projections, so as to adversely impact cost control, capital investment decisions/returns/ and feasibilities.

Given Council plans to carry debt over the next ten years, it will have a significant exposure to interest rate movements (a 1% interest rate movement on \$ 100 million of debt over 12 months = \$1,000,000). Accordingly, the primary objective of interest rate risk management is to reduce uncertainty to interest rate movements through fixing of funding costs. However, a secondary objective is to minimise the net funding costs for Council within acceptable risk parameters. Both objectives are to be achieved through the active management of underlying interest rate exposures.

3.1.2 Approved Financial Instruments

Dealing in interest rate products must be

limited to financial instruments approved by Council.

Current approved interest rate instruments are detailed in the table bottom right.

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

3.1.3 Interest Rate Risk Control Limits Debt/Borrowings

Other restrictions Council debt/borrowings must be within the following fixed/floating interest rate risk control limit:

Master Fixed/Floating Risk Control Limit	
Minimum Fixed Rate	Maximum Fixed Rate
50%	95%

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

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

The percentages are calculated on the rolling 12 month projected net debt level calculated by management (signed off by the Group Manager Support Services). Net debt is the amount of total debt net of liquid financial assets/investments. This allows for pre-hedging in advance of projected physical drawdowns of new debt. When approved forecasts are

changed, the amount of fixed rate cover in place may have to be adjusted to comply with the policy minimums and maximums.

The fixed rate amount at any point in time must be within the following maturity bands:

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

A maturity schedule outside these limits requires specific Council approval.

- Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months
- Interest rate options must not be sold outright. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, one side of the collar cannot be closed out by

Category	Instrument
Cash management & borrowing	Bank overdraft
	Committed cash advance and bank accepted bill facilities (term facilities)
	Uncommitted money market facilities
	Bond issuance (retail and wholesale) Floating Rate Notes (retail and wholesale) Commercial Paper (CP)
Interest rate risk management	Forward rate agreements ('FRA's') on: Bank bills Government bonds
	Interest rate swaps including: - Forward start swaps (start date <24 months) - Amortising swaps (whereby notional principal amount reduces) - Swap extensions and shortenings
	Interest rate options on: Bank bills (purchased caps and one for one collars) Government bonds
	Interest rate swaptions (purchased only)

both must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate 'in-the-money'

- Purchased borrower swaptions mature within 18 months
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 1.00% above the relevant swap rate, cannot be counted as part of the fixed rate cover percentage calculation.

3.2 Liquidity Risk/Funding Risk

3.2.1 Risk Recognition

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

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

- Local Government risk is priced to a higher fee and margin level
- Council's own credit-standing or financial strength as a borrower deteriorates due to

financial, regulatory or other reasons

- A large individual lender to Council experiences their own financial/exposure difficulties resulting in Council not being able to manage their debt portfolio as optimally as desired
- New Zealand investment community experiences a substantial 'over supply' of Council investment assets.

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

3.2.2 Liquidity/Funding Risk Control Limits

- Council must approve all new loans and borrowing facilities
- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds
- Term debt and committed debt facilities must be maintained at an amount that averages 110% of projected peak net debt levels over the next twelve months (per long term cash and debt forecasts)

- Treasury provides comprehensive daily and weekly cash management reporting, together with monthly (rolling 12 month forecast) and annual cash/debt forecasting and that long term debt forecasts out to ten years are made available
- The Group Manager Support Services has the discretionary authority to re-finance existing debt on more favourable terms. Such action is to be ratified and approved by Council at the earliest opportunity.

3.2.3 Credit Exposure

Council, in approving new loans and borrowing facilities, uses a range of lenders. In consideration of the range and size of individual borrowing together with the relative strength of lenders militates against institutional credit risk.

4. Operational Risk

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

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

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

4.1 Dealing Authorities and Limits

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

4.2 Segregation of Duties

Adequate segregation of duties among the core borrowing functions of deal execution, confirmation, settling and accounting/reporting. There are a small number of people involved in borrowing activities. Accordingly strict segregation of duties is not always achievable.

5. Legal Risk

Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, Council may be exposed to such risks. In the event that Council is unable to enforce its rights due to deficient or inaccurate documentation.

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

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

Liability Management Policy

6. Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council. All ISDA Master Agreements for financial instruments must be signed under seal by Council.

7. Financial Covenants and Other Obligations

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

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

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure. The matrix guide table will determine limits.

In determining the usage of the gross limits shown in the matrix guide, the following product weightings will be used:

- Money Market (e.g. Bank Deposits, Investments) - Transaction principal amount x Weighting 100%.
- Interest Rate Risk Management (e.g. swaps, FRAs, collars) - Transaction principal amount x Maturity (years) x 3%.

Each transaction should be entered into a reporting spreadsheet and a monthly report

prepared to show assessed counterparty actual exposure versus limits.

The Finance Manager on an ongoing basis should review credit ratings and in the event of material credit downgrades, this should be immediately reported to the Finance & Support Committee and Council and assessed against exposure limits. Counterparties exceeding limits should be reported to Council.

Security

Council's borrowings and interest-rate risk management instruments will generally be secured by way of a charge over Council's rates and rates revenue through the provision of issuing stock under Council's debenture trust deed. However, if it is considered advantageous, Council's borrowings and other financial arrangements may be on an unsecured basis, or secured by way of a charge over physical assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset which it funds (e.g. an operating lease, or project finance)
- Council considers a charge over physical assets to be appropriate
- The Finance Manager ensures that the required register of charges and any associated documents are provided, filed

and kept in accordance with the provisions of the Local Government Act 2002 and any other relevant legislation.

Debt Repayment

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

While Council will generally raise loans on a portfolio basis, interest expenses arising on the existing debt portfolio and future borrowings will be allocated (at Council's actual weighted average cost of funds for the period concerned) to specific assets and activities as determined by Council.

This method will also apply to the allocation of interest by internal accounting associated with Council's use of general and special funds.

Matrix Guide

Counterparty /Issuer	Minimum long term credit rating	Investments maximum per counterparty (\$m)	Interest rate risk management instrument maximum per counterparty (\$m)	Total maximum per counterparty (\$m)
NZ Government	N/A	unlimited	none	unlimited
NZ Registered Bank	A-	10.0	10.0	15.0
Corporate Bonds	A-	2.0*	none	2.0
LABT	N/A	2.0	none	2.0
Local Government Finance Corporation	N/A	2.0	none	2.0
Local Government Stock	A- (if rated) Unrated	2.0** 1.0**	none none	2.0 1.0

* Subject to a maximum of \$5.0m investment in corporate/securitised bonds at any one point in time.

** Subject to a maximum of \$15.0m investment in Local Government stock at any one point in time, including Local Government Finance Corporation.

1. Objectives

1.1 Statutory Objectives

All borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will be approved by resolution of Council in accordance with the Local Government Act 2002 and incorporate the Investment Policy.

1.2 General Objectives

- Maximise its return on investments
- Minimise Council's exposure to adverse interest rate movements
- Monitor, evaluate and report on treasury performance
- Monitor Council's return on investments in Local Authority Trading Enterprises ("LATES"), property and other shareholdings
- Maintain liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements
- Ensure that all statutory requirements of a financial nature are adhered to.

2. Investments

2.1 Liquid Investments

For the foreseeable future, Council will have a permanent net debt/borrowing position and will use flexible short term working capital money market funding lines. Accordingly, it would not have any requirement to be in a surplus cash situation.

Therefore, outside of the above mentioned exceptions, any liquid investments must be

restricted to a term that meets immediate cash flow projections.

2.2 Trust Funds

Represent funds administered by Council in terms of a Bequest Trust Deed, document etc, that has been created by a third party. Such funds are to be invested under the terms of the Trust and used for the express purpose for which they are intended. If the Trust does not specify investment policy guidelines then this policy shall apply.

2.3 Shares

Council currently holds the following shares

- Springs Flat Contractors Ltd (100%)
- New Zealand Local Government Insurance Corporation Ltd (acquired by virtue of WDC being a local authority).

Proceeds from share sales will go to repay existing debt, unless Council specifically directs that the funds be put to another use.

2.4 Joint Venture

Council is a 50% partner in the Whangarei District Airport. The other 50% partner is the New Zealand Airways Corporation.

Council will enter into a Joint Venture partnership after 1 July 2009 to operate the Puwera Landfill.

2.5 Investment Properties

Investment properties will only be purchased in the future where such acquisition will strategically fit Council's core activities.

Any funds received from the sale of investment properties will be used to repay existing debt, unless Council specifically directs that the funds be put to another use.

Any rental funds received for investment properties held by Council will be used to offset costs incurred within the appropriate financial division of the property activity.

2.6 Foreign Currency

Council shall not enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency.

3 Counterparty Credit Risk

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

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

Counterparties and limits can only be approved on the basis of long term credit ratings (Standard & Poor's or Moody's) being A and above.

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

The matrix guide table on the following page will determine limits.

In determining the usage of the gross limits in the matrix guide table overleaf the following product weightings will be used:

- Money Market (e.g. Bank Deposits, Investments) – Transaction principal amount × Weighting 100%
- Interest Rate Risk Management (e.g. swaps, FRA's, collars) – Transaction principal amount × Maturity (years) × 3%.

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

The Finance Manager on an ongoing basis should review credit ratings and in the event of material credit downgrades, this should be immediately reported to Council and assessed against exposure limits. Counterparties exceeding limits should be reported to Council.

4. Risk Management

To avoid undue concentration of exposures, a range of financial instruments must be used with as wide a range of counterparties as possible. The approval process to allow the use of individual financial instruments must take into account the liquidity of the market the instrument is traded in and repriced from.

Matrix Guide				
Counterparty /Issuer	Minimum long term credit rating	Investments maximum per counterparty (\$m)	Interest rate risk management instrument maximum per counterparty (\$m)	Total maximum per counterparty (\$m)
NZ Government	N/A	unlimited	none	unlimited
NZ Registered Bank	A	15.0	15.0	20.0
Corporate Bonds/CP/FRN's senior ranking	A	2.0*	None	2.0
Local Government Stock	(if rated) Unrated	5.0** 2.0**	None None	5.0 2.0
Council's Joint Venture Puwera	N/A	15.0	15.0	15.0

* Subject to a maximum of \$5.0m investment in corporate bonds at any one point in time.
 ** Subject to a maximum of \$20.0m investment in Local Government stock at any one point in time.

Category	Instrument
Investments	Short term bank deposits
	Bank bills
	Bank certificates of deposit (CD's)
	Treasury bills
	Local Authority stock or State Owned Enterprise (SOE) bonds
	Corporate bonds
	Promissory notes/Commercial paper Loan to Council's Puwera Joint Venture
Interest rate risk management	Forward rate agreements ('FRA's') on: Bank bills Government bonds
	Interest rate swaps including: Forward start swaps (start date <24 months) Amortising swaps (whereby notional principal amount reduces)
	Interest rate options on: Bank bills (purchased caps and one for one collars) Government bonds
	Interest rate swaptions (purchased only)

4.1 Risk Recognition/Identification/ Management

To manage risk exposure for investments this policy covers approved Financial Instruments, Counterparty Credit risk and Risk Management definition and recognition of these risks to Council will be as detailed below.

4.1.1 Approved Financial Instruments

Dealing in interest rate products must be limited to financial instruments approved by Council.

Current approved interest rate instruments are as shown in the table above right.

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

5. Monitoring and reporting of Investments

A regular (3 monthly reports unless otherwise stated) report package must be provided

incorporating the following items:

- Performance of property investments
- Performance of financial investments.

Within one month following the signing of the annual financial statements of a Council Organisation or a Council Controlled Organisation

- A report of the operations of the organisation during the financial year
- A Statement of Financial Position

- A Statement of Comprehensive Income
- A Statement of Cashflows
- Such other statements as required by Council to enable the performance of the organisation to be measured in accordance with the policy objectives.

6. Operational Risk

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

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

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

6.1 Dealing Authorities and Limits

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

6.2 Segregation of Duties

Adequate segregation of duties among the core investment functions of deal execution, confirmation, settling and accounting/reporting. There are a small number of people involved in investment activities. Accordingly strict segregation of duties is not always achievable.

7. Legal Risk

Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, Council may be exposed to such risks. In the

event that Council is unable to enforce it's rights due to deficient or inaccurate documentation.

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

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

8. Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council. All ISDA Master Agreements for financial instruments must be signed under seal by Council.

8.1 Financial Covenants and Other Obligations

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

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

Policy on Partnerships with the Private Sector

1. Introduction

Whangarei District Council is required to adopt a policy on partnerships between Council and the private sector (Partnerships Policy) under section 102 of the Local Government Act 2002 (LGA). All decisions to form a Partnership with the private sector under this policy must be made after using the special consultative procedure and may be included in Council's Long-Term Council Community Plan (LTCCP).

This policy has not changed substantially from the previous policy adopted as part of the LTCCP 2006-2016 which was adopted in June 2006.

2. Content and Purpose of Policy

The Partnerships Policy is linked to the statutory principle that a local authority should collaborate and cooperate with other local authorities and bodies as it considers appropriate to promote or achieve its priorities and desired outcomes, and make efficient use of its resources. It states Council's position in respect of the commitment of its resources to partnerships between itself and the private sector.

3. Policy Application

This policy only applies to partnerships with the private sector. 'Partnership with the private sector' is defined in the LGA to mean any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business; but

does not include:

- i Arrangements or agreements to which the only parties are local authorities or 1 or more local authorities and 1 or more council organisations
- ii A contract for the supply of goods or services to, or on behalf of a local authority.

As a consequence, this policy applies to:

- 1 Arrangements or agreements for provision of grants, loans, guarantees, or investments between Council and persons engaged in business
- 2 Arrangements or agreements for a venture where Council participates with a person engaged in business with some joint business structure, whether or not that venture also involves the supply of goods or services by the joint venture to or on behalf of Council.

But does not apply to:

- 1 Contracts between Council and its ordinary suppliers of goods and services (for example office supplies or legal services)
- 2 Contracts for the supply of goods and services between Council and its agents for undertaking activities of Council (such as building or maintaining roads)
- 3 Borrowing by Council and the investment

of Council funds as part of Council's financial management, as these transactions will be addressed in the liability management and investment policies respectively

- 4 Agreements with or grants to community organisations, charitable trusts and other community groups, government departments, not-for-profit-organisations, other local authorities and Council Controlled Organisations.

4. Core Activity Guidelines

Council has documented core activity guidelines that establish very clear parameters regarding the goods and services it will provide in contributing to achieving the community's vision for the District as well as discharging its statutory obligations. Council's core activity guidelines are as follows:

- 1 To discharge its statutory and regulatory obligations.
- 2 To broker solutions for the provision of other goods and services which:
 - reflect the collective needs of the community
 - individuals cannot provide for themselves
 - other agencies and stakeholders do not provide
 - the private sector would under-provide

because of the difficulty in identifying the beneficiaries and charging them.

Note: Council may duplicate a service where a clear community benefit exists the community benefit should be clearly demonstrated by way of a comprehensive cost/benefit analysis.

4.1 Circumstances in which Council will consider a Partnership

Where it is satisfied that the partnership complies with its Core Activity Guidelines and:

- a The proposed partnership will:
 - i Contribute to achieving the community outcomes identified in the LTCCP in an integrated and efficient manner; and
 - ii Promote the social, economic, cultural or environmental well-being of the District, in the present and for the future; and
 - iii Be a prudent, efficient and effective use of Council's resources in the interests of the District

- b And the benefits of the proposed partnership (in terms of achievement of community outcomes and promotion of the four aspects of well-being now and in the future) will exceed the costs then Council will consider entering into a partnership with a private sector partner.

If, in addition to complying with all of the above, the objective of the partnership is desirable in the interests of the community but the private sector is unwilling or reluctant

to provide sufficient resources without Council support, then Council will consider entering into a partnership with a private sector partner.

4.2 Consultation

A decision to enter into a partnership with the private sector will comply with the decision-making provisions set out in section 76 (and sections 77, 78, 79, 80, 81 and 82 to the extent applicable) of the LGA.

Council will use its Significance Policy along with Council's Consultation Policy to determine the appropriate level of consultation. Any consultation will be undertaken in accordance with the Consultation Policy.

4.3 Conditions to be Imposed

As a condition of providing funding or other resources to any form of partnership with the private sector, Council will require that the private sector partner enters into a written agreement recording the terms of the arrangement or agreement, stating clearly:

- 1 The objectives of the partnership; and
- 2 The parties' respective responsibilities and obligations under the agreement, including responsibility for obtaining any necessary consents, licences or other approvals, or to undertake any matter or do anything; and
- 3 Details of Council's agreement to provide funding or other resources to the partnership; and
- 4 Details of the private sector party's

agreement to provide funding or other resources to the partnership; and

- 5 Council's expectations in relation to the private sector partner's contribution to the achievement of the community outcomes or promotion of the aspects of community well-being, current and future including, where possible, target performance measures; and
- 6 Council's requirements in relation to monitoring and reporting of performance; and
- 7 Consequences of non-performance by the private sector party.

Council may impose any other conditions it considers appropriate in the circumstances.

4.4 Risk Assessment and Management

In assessing every partnership proposal, the potential risks to Council will be outlined and considered.

Risk will be assessed in terms of the probability of adverse outcomes, the cost/impact of any adverse outcomes and the ability to, and cost of, mitigating that risk.

Potential risks include:

- 1 Financial risk
- 2 Risk to the reputation of Council and the Whangarei District
- 3 Risk to the capacity of Council to carry out its activities, now and in the future
- 4 Safety of persons and property

5 Protection of any intellectual property; and if the risks are considered significant, in terms of probability and potential effect, Council will decide whether the partnership should proceed at all. If it decides it should proceed, a risk management strategy will be developed to minimise or provide cover for that risk to the satisfaction of Council.

The strategy may include requiring contractual assurances from the private sector partner, such as indemnities and guarantees, and may require closer monitoring and control over the conduct of the partnership.

4.5 Monitoring and Reporting to Council on Provision of Funding

At the end of every quarter, a report will be prepared and submitted to Council outlining:

- 1 The value of funds or resources allocated to partnerships in total during that quarter;
- 2 In relation to each partnership, the amount of funds or resources allocated, the private sector partner/s involved the objectives of the partnership and link to the community outcomes.

4.6 Assessing, Monitoring and Reporting on Achievement of Community Outcomes

Council's monitoring and reporting requirements in relation to any particular partnership will be tailored to reflect the significance of the proposal and the

significance of resources allocated to the partnership.

Council's monitoring and reporting requirements will be included in the written agreement with the private sector partner, and may include the following, as appropriate:

- 1 A requirement for quarterly financial reports on the partnership project;
- 2 A requirement for quarterly performance reports on the achievement by the partnership of the relevant community outcomes, and any impacts on the social, economic, cultural and environmental well-being of the community; and
- 3 A requirement to report on specifically agreed outcomes and objectives.

Funding Impact Statement

Funding Impact Statement	Year 1 2009-10 \$000	Year 2 2010-11 \$000	Year 3 2011-12 \$000	Year 4 2012-13 \$000	Year 5 2013-14 \$000	Year 6 2014-15 \$000	Year 7 2015-16 \$000	Year 8 2016-17 \$000	Year 9 2017-18 \$000	Year 10 2018-19 \$000
Total Operating Expenditure	110,813	108,839	109,597	112,453	114,966	119,860	122,963	126,402	132,830	136,398
Less Depreciation	(28,935)	(29,614)	(31,024)	(31,628)	(32,215)	(35,139)	(35,875)	(36,975)	(40,513)	(41,786)
Total Capital Expenditure	47,361	49,132	53,123	49,208	37,561	42,430	47,329	49,323	54,218	57,546
Total Funding Requirement	129,239	128,357	131,696	130,033	120,312	127,151	134,417	138,750	146,535	152,158
General Rates	34,210	35,594	36,930	38,256	39,656	41,071	42,636	44,221	45,852	47,550
Recreational Facilities Rate	1,420	1,477	1,533	1,588	1,645	1,704	1,770	1,835	1,903	1,973
Costal Amenities Rate	532	553	574	595	617	639	663	688	713	740
Sewerage Rates	11,558	13,664	14,486	15,082	15,718	16,411	15,036	15,701	16,411	17,169
Refuse Collection and Service Rates	4,335	4,478	4,669	4,860	5,063	5,285	5,522	5,764	6,021	6,297
Water Rates	11,578	12,045	12,499	12,948	13,420	13,901	14,431	14,966	15,519	16,093
Total Rates	63,633	67,811	70,691	73,329	76,119	79,011	80,058	83,175	86,419	89,822
User Charges	18,909	18,913	19,048	19,260	19,477	19,696	19,921	20,113	20,343	20,573
Development Contributions	5,000	5,124	7,392	7,594	7,803	8,034	8,273	8,517	8,768	9,023
Interest Received	1,167	1,009	842	658	461	473	490	501	514	526
Grants & Subsidies	24,022	27,859	25,210	22,812	16,095	17,960	18,346	19,773	26,497	26,667
Other Income	2,756	2,834	3,319	3,611	3,696	3,784	3,877	3,970	4,069	4,173
Total User and Other Funding	51,854	55,739	55,811	53,935	47,532	49,947	50,907	52,874	60,191	60,962
Borrowing	(9,994)	3,892	4,098	1,478	(4,839)	(1,807)	3,452	2,701	(75)	1,374
Asset Sales	23,746	915	1,096	1,291	1,500					
Total Funding	129,239	128,357	131,696	130,033	120,312	127,151	134,417	138,750	146,535	152,158

Council proposes to use a mixture of revenue and financing mechanisms to cover the estimated expenses of Council for the period of the forecasted financial statements. The revenue and financing mechanisms selected were developed from an analysis of Council activities and funding requirements under the Revenue and Financing Policy. The Funding Impact Statement should be read in conjunction with Council's Revenue and Financing Policy contained in the LTCCP.

The process and analysis includes:

For Operational Expenditure:

- the nature of the services supplied by each activity
- the period over which the services are supplied
- the direct benefits of services and any charges made for these
- the allocation of the shortfall of user charges to ratepayers
- the allocation of costs to ratepayers by differential sectors and by targeted rates.

For Capital Expenditure:

- The funding sources available, including reserves and loans.

The prospective revenue and financing mechanisms table discloses the funding of operational and capital expenditure. Council has budgeted to receive revenue from a number of sources and mechanisms and

these are detailed on that table – see page 222 of the LTCCP.

User Fees and Other Direct Revenues

We will apply user fees and charges to fund operating expenses of an activity where the beneficiaries can be identified and charged. When setting fees and charges, Council takes into account a number of considerations including indirect benefit to the community, distribution of benefits and ability to pay. Any charge made reduces the dependence on rates. Development Contributions are set out under the Development Contributions Policy. In addition, Council will receive grants, subsidies and other funds.

Capital Funds

Reserves

Council may use reserves created for specific purposes for the funding of operating and/or capital expenditure. Reserves will only be used in accordance with the purpose for which they were established and within the legal parameters of the reserve.

Borrowing

Council will fund operating expenses from borrowing only when it is prudent to do so and subsequent to public consultation and special resolution by Council. Council will fund any capital expenditure it deems appropriate to be funded by borrowing. Debt will be applied only after other available sources of funds are exhausted.

User Fees

Council will also apply user fees and charges to fund capital expenditure if appropriate. This is normally done to service loan repayments.

Dividends and Interest

Council uses interests and dividends from investments to reduce the requirement to raise general rates. In as much as the general rate funds both operating expenses and capital expenditure, then so do interest and dividends from investments.

Rates

General rates from any particular property are calculated on the basis of the land value of the property. Land values are established by Council's Valuation Services Provider (Quotable Value New Zealand) and are reviewed on a three yearly cycle. All the land in the District was re-valued during 2006-07. The new values were used for the calculation of rates from the financial year commencing 1st July 2007.

General Rates

General Rates are set under Section 13 of the Local Government (Rating) Act 2002. Council proposes to set a general rate based on the land value of each rating unit in the District. The general rate will be set on a differential basis based on land use categories.

Differential Rating

A rate-in-the-dollar is set for properties in the residential category and, using this as a

benchmark, proportional rates-in-the-dollar are set for the other differential categories: Rural (factor of 0.8); Multi-Unit (factor of 2); and Commercial and Industrial (factor of 5).

The "Miscellaneous Properties" category is set at the same level as residential. The present relationships (the factors) were set at the completion of a review of both the funding and rating policies and have been in place as from 1 July 1999.

The steps, or rating bands, introduced in the 2003-04 rating year are being retained as differentials in the residential category. The second schedule of the Local Government (Rating) Act 2002 identifies matters that may be used to define categories of rateable land. One of those factors (section 9) is 'land value'.

These 'steps' or rating 'bands' within the existing residential differential will apply to properties where the principal use of a property is residential as opposed to where the principal use of the property is for the generation of income or for some other purpose. The effect of these steps is to regulate the level of general rates charged on the higher valued residential properties. As the land value increases the rate-in-the-dollar will decrease.

Funding Impact Statement

The first step will apply when the land value of the property has exceeded three and a half times (being \$678,000) the average residential land value of \$193,730. The rate-in-the-dollar will reduce by 50%. The second step will apply where the land value of the property has exceeded seven times (being \$1,356,000) the average residential value of \$193,730. The rate-in-the-dollar will reduce by a further 25%.

For example; a residential property with a land value of \$1,700,000 will be charged thus:

- the first \$678,000 of the land value will be charged at the base rate (details of the current year's charges are shown later in the document) and;
- the next \$678,000 of the land value will be charged at 50% of the base rate and;
- the remainder of the land value (\$344,000) will be charged at 25% of the base rate.

Differential Rating Categories

All separate rating units in the District are allocated to the most appropriate rating category as determined by Council's valuation provider. Land value applies to all categories.

Category 1 - Residential

All separate rating units;

- used principally for residential or lifestyle residential purposes, including retirement villages, flats etc:

Category 1(a) - Residential Step 1

All separate residential rating units;

- described in Category 1 (above), on that portion of the property value, where the land value exceeds the District average residential land value by three point five times.

Category 1(b) - Residential Step 2

All separate residential rating units;

- described in Category 1 (above), on that portion of the property value, where the land value exceeds the District average residential land value by seven times.

Category 2 - Multi-Unit

All separate rating units;

- used principally for residential purposes, and on which is situated multi-unit type residential accommodation that is:
- used principally for temporary or permanent residential accommodation for financial reward, including, but not limited to, hotels, boarding houses, motels, tourist accommodation, residential clubs, hostels, but excluding any properties which are licensed under the Sale of Liquor Act 1989.

Category 3 - Rural

All separate rating units;

- used principally for agricultural, horticultural, forestry, pastoral or aquaculture purposes, or for the keeping of bees, poultry or other livestock.

Category 4 - Commercial and Industrial

All separate rating units;

- used principally for commercial, industrial or related purposes, which are not categorised as multiunit or rural; or
- zoned for commercial, industrial or related purposes, but not otherwise categorised. For the avoidance of doubt, this category includes properties licensed under the Sale of Liquor Act 1989; and private hospitals and private medical centres.

Category 5 - Miscellaneous Properties

All separate rating units being;

- any other property not otherwise categorised.

Notes to Definitions of Categories

- For the purposes of the definitions above, 'dwelling unit' has the same meaning as was defined in section 604 of the Local Government Act 1974, i.e.
- 'Dwelling unit' means any building or part of a building which is designed, built, rented, leased, let, or hired to be occupied, or which is occupied, as a residence for a single family (including one person, or two or more persons as an individual group) with or without a common right to the use of entrances, passages, stairways, or open spaces; and, where necessary, includes a combination of parts of a building or of two or more buildings or the parts thereof.

- A flat or unit erected and used in connection with the principal residence for the accommodation of an elderly relative or a disadvantaged person shall not be regarded as a separate 'dwelling unit'.
- Properties used for 'lifestyle residential purposes' includes properties of variable size, but which generally comprise areas of 20 hectares or less, which might otherwise be categorised as 'rural', but which are used for non-economic (in the traditional farming sense) lifestyle residential purposes, where the value of the land exceeds the value of comparable farmland.
- All references to zones are zones defined in the Whangarei District Plan adopted in April 2007.
- Where parts of a separate rating unit can be identified, and allocated to the residential category and the commercial and industrial category respectively or any combination of the differential categories the value of the rating unit will be apportioned between the different categories in accordance with Schedule 2 of the Local Government (Rating) Act 2002.

Subject to the right of objection set out in section 29 of the Local Government (Rating) Act 2002, it shall be at the sole discretion of Council to determine the use or principal use of any rating unit in the District.

Funding Impact Statement

Separately Used or Inhabited Parts: (SUIPs)

Some of Council's targeted rates are charged to SUIPs. These are clearly identified parts of a property (rating unit) that are capable of separate use or capable of being separately inhabited or occupied. Generally SUIPs will be charged where rating units contain separate self contained habitable dwellings that are capable of separate habitation or where a number (more than one) of different businesses are located within one rating unit. An exception is made for activities such as motels, hotels etc and these will be treated as a single activity (one business use) even though they consist of separate accommodation units that are capable of separate habitation.

Proposed Rate Types

Within each proposed rate type a level of rate or charge is specified. These are the proposed rates and charges for the 2009-10 rating year and should enable ratepayers to estimate or calculate what their level of rates is likely to be in the coming year (Note: All figures quoted are GST inclusive).

General Rates: Section 13 - Local Government (Rating) Act 2002

The estimated rates (per hundred dollars of land value) for 2009-10 are shown in the following table:

	Land Use Category	Rate per \$100 of Land Value	Revenue Sought
1	Residential	\$0.25471	\$15,699,000
2	Residential Step 1	\$0.12735	\$332,800
3	Residential Step 2	\$0.06368	\$42,100
4	Multi-Unit	\$0.50941	\$98,800
5	Rural	\$0.20376	\$3,591,000
6	Commercial/Industrial	\$1.27353	\$9,573,600
7	Miscellaneous Properties	\$0.25471	\$162,000
			\$29,499,300

Uniform Annual General Charge

The Uniform Annual General Charge is set under Section 15 of the Local Government (Rating) Act 2002.

Council will also collect part of its general revenue (\$8,988,100) by setting a Uniform Annual General Charge to be charged to each separately used or inhabited part of a rating unit. The targeted rate will increase by \$7 from \$230 to \$237. The purpose of this particular charge is to ensure a minimum rate on all separately occupied parts of rating units as being a charge for services which have an element of private benefit but where it is not practical to apply specific user charges. The charge will apply to every separately used or inhabited part of a rating unit.

This method of charging to 'separately used

parts' was introduced in the 2003-04 year and, as stated in that year's Annual Plan, the building complexes that consist of separately occupied units such as retirement villages, rental flat units and multi-unit shopping plazas are the ones that were mostly affected by this method of charging. The Uniform Annual General Charge also applies to any second or subsequent dwelling on farms or lifestyle blocks.

Targeted Rates

Targeted rates are set under Section 16 of the Local Government (Rating) Act 2002.

The following targeted rates will be assessed and set against all properties either uniformly or differentially for different categories of land under section 17 of the Local Government (Rating) Act 2002.

The factor that is used for calculating the liability of each of the targeted rates is in accordance with Sections 18 (1)(a) & (b) and 18(2) and Schedule 3 of the Local Government (Rating) Act 2002.

The factors are:

- 1 **Sewage Disposal** - the number of water closets and urinals within the rating unit.
- 2 **Refuse Facilities** - the number of separately used or inhabited parts of the rating unit.
- 3 **Water Supply** - the number of separately used or inhabited parts of the rating unit.
- 4 **Recreational Facilities** - the number of separately used or inhabited parts of the rating unit.
- 5 **Coastal Amenities** - the number of separately used or inhabited parts of the rating unit.
- 6 **Roading** - provision of service to a rating unit within a defined area.
- 7 **Mains Extensions** - provision of service to a rating unit within a defined area.
- 8 **Hikurangi Swamp** - the area of land within the rating unit.

Sewage Disposal

The activity for which the targeted rate is set is the operation and maintenance of the sewage disposal system. The targeted rate will be set and assessed on a differential basis as follows:

Funding Impact Statement

Targeted Rate	No. of Pans	Rate *
Residential Home	1 or more	\$505 Total charge
Other (non residential)	up to 2	\$505 Total charge
Other (non residential)	3 or more	\$328 per pan
Educational Establishments	up to 2	\$505 Total charge
Educational Establishments	3-4	\$328 per pan**
Educational Establishments	5-10	4 x \$328 + \$246 per additional pan **
Educational Establishments	11 or more	4 x \$328 + 6 x \$246 + \$164 per additional pan **

* After rebates if applicable ** Rebates based on student/staff numbers see below

A targeted rate of \$505 (this is an increase of \$15 on the previous year's charge) for residential and any other premises having no more than two toilet pans, and a targeted rate of \$328 (this is an increase of \$10 on the previous year's charge) per pan for all other premises having more than two toilet pans connected to any of the District's sewer reticulation and sewage disposal systems. Educational establishments are subject to a special remission policy. Initially they will be charged the targeted rate. Once the remission is applied then this will reduce the amount payable. The net result will be that the charges for toilets (in excess of two) will be charged at the rate of \$328 for each toilet up to four; \$246 for each of the next six; and \$164 for any over ten.

The lesser number of the actual number of pans and the number of pans calculated when using the formula of one pan per twenty (20) students or staff on part thereof will determine the overall amount charged. For further details of this, refer to Rates Remission Policy No. 8.

Refuse Facilities

The targeted rate of \$135 (this is an increase of \$5 on the previous year's charge) in respect of every separately used or inhabited part of a rating unit, other than contiguous properties occupied by the same ratepayer and used for the same purpose.

The targeted rate is primarily to provide refuse services not funded by user charges at transfer stations and the per bag charge (paid by stickers or official rubbish bags)

for refuse collected at the kerbside. It funds kerbside and other recycling, litter bins, clearing of refuse from parks/reserves and streets, roadside rubbish, dealing with hazardous wastes, removing abandoned vehicles and the seasonal clean-ups required at beaches and other tourist locations. Some costs associated with Council's waste minimisation programme are also included.

Also included is the cost of staffing transfer stations to ensure appropriate waste management of hazardous substances and to recover material such as steel and timber to minimise the items that would normally be dumped as waste through the landfill. These are services that benefit the whole District rather than individual users of the District's rubbish collection and disposal services.

Water Supply

Water Supply rates are set under Section 19 of the Local Government (Rating) Act 2002. The activity for which the targeted rate is set is for the catchment, storage, treatment and distribution of water throughout various parts of the District.

Water consumption is charged on the basis of water consumed as recorded by a water meter. The charge will be increased from \$1.80 to \$1.85 per cubic metre with an early payment discount of 5% being offered for payment by due date. Water accounts are processed either

monthly, two-monthly or six-monthly according to the consumer's cyclic billing period. The due dates for payment vary according to the cyclic billing of the different areas of the District.

For those premises where the consumption of water is not recorded through a meter, but they are connected to any of the District's water supply systems, the uniform charge will increase from \$302 to \$311.

For those premises that are situated within 100 metres of any public water reticulation system that are capable of being effectively connected but are not connected, a targeted rate (for availability) of \$25.50 will be applied. The factor in calculating liability for these specific targeted rates will be in accordance with Section 18(2) i.e. 'a fixed amount per rating unit'.

Recreational Facilities

The targeted rate will remain at \$40 and assessed against each separately used or inhabited part of a rating unit, for the purpose of providing particular funding for specific projects that are either completely new projects or otherwise substantial upgrading of assets or facilities being proposed or provided in terms of parks or other recreational requirements.

Coastal Amenities

The targeted rate will remain at \$15 set and assessed against each separately used or

Funding Impact Statement

inhabited part of a rating unit, for the purpose of providing specific funding for any project which develops, or enhances, or protects Council owned coastal esplanade reserves.

Other Targeted Rates

Other targeted rates are set for specific activities under Section 16 of the Local Government (Rating) Act 2002.

Whangarei Heads Sewerage Extension

A targeted rate will apply to every separate rating unit in a defined area of benefit that is connected or will be capable of being connected to the Whangarei Heads Sewerage Reticulation System. Each established rating unit will be charged a fee of \$3,539.25 per connection (Stage I and II), and \$7,875.00 (Stage III) per connection as a contribution to the cost of this scheme. Repayments may be spread over five years. The annual charge is \$707.85 for Stages I and II and \$1,575.00 for Stage III. Rating units in the area of benefit will progressively be able to connect to the reticulation system as that system is developed.

Finlayson Road Seal Extension

A targeted rate of \$308.37 on every separate rating unit within a specified and defined area of benefit; being a contribution towards the cost of sealing 0.9 kilometres of Finlayson Road. This will be the ninth year of a ten year repayment programme.

Riponui Road Seal Extension

A targeted rate of \$450.00 on every separate rating unit within a specified and defined area of benefit; being a contribution towards the cost of sealing 2.0 kilometres of Riponui Road. This will be the fifth year of a five year repayment programme.

Cullen Road Seal Extension

A targeted rate of \$400.42 on every separate rating unit within a specified and defined area of benefit; being a contribution towards the cost of sealing 3.0 kilometres of Cullen Road. This will be fourth year of a five year repayment programme.

Hodge/Tremain Roads Seal Extension

A targeted rate of \$656.25 on every separate rating unit within a specified and defined area of benefit; being a contribution towards the cost of sealing 2.0 kilometres of Hodge/Tremain Roads. This will be the fourth and final year of a four repayment programme.

Malone Road Seal Extension

A targeted rate of \$420.00 on every separate rating unit within a specified and defined area of benefit; being a contribution towards the cost of sealing 0.8 kilometres of Malone Road. This will be the fourth and final year of a four year repayment programme.

Oakura Sewerage Scheme

A targeted rate will apply to every separate rating unit within a specified and defined area

that will be capable of being connected to the Oakura sewerage reticulation system. Each established rating unit will be charged \$6,850 per available connection as a contribution to the cost of this scheme. The annual charge will be \$1,370. This is the third year of a five year repayment programme.

Lake Ora Area Sewerage Scheme

A targeted rate will apply to every separate rating unit within a specified and defined area that will be capable of being connected to the lake Ora Area sewerage reticulation system. Each established rating unit will be charged \$1,250 per available connection as a contribution to the cost of the scheme. The annual charge will be \$250. This is the third year of a five year repayment programme.

Hikurangi Swamp Major Scheme Rating District

A targeted rate of \$61.69 per hectare on all 'A' class property within the Hikurangi Swamp Special Rating Area, thence on a differential graduated scale according to the classification as shown in the schedule hereto, to defray the costs and charges within the Hikurangi Swamp Special Rating Area. Note: This is an increase of 10% on current charges.

Scale of Charges	
Class	Dollar per Hectare
A	\$61.69
B	\$55.40
C	\$43.19
D	\$6.18
E	\$3.11
F	\$1.24

Hikurangi Swamp Drainage Rating District:

A targeted rate of \$7.13 per hectare on all 'A' class property within the Hikurangi Swamp Drainage Rating District, thence on a differential graduated scale according to the classification as shown in the schedule hereto, to defray the costs and charges within the Hikurangi Swamp Drainage Rating District.

Note: This is an increase of 10% on current charges.

Scale of Charges	
Class	Dollar per Hectare
A	\$7.13
F	\$0.71

The factor used in calculating liability for these targeted rates is 'the area of land within the rating unit'.

Funding Impact Statement

Expected Revenue from all categories

Expected Revenue from all Categories (GST Inclusive)	\$
General rates - rate-in-the-dollar on property values	\$29,499,300
General rates - fixed amount - Uniform Annual General Charge	\$8,988,100
Sub Total:	\$38,487,400
Recreational Facilities	\$1,515,850
Coastal Amenities	\$568,400
Refuse	\$5,115,200
Sewerage	\$12,602,300
Water	\$11,500,000
Roading	\$41,200
Main Extensions – Sewer	\$1,019,500
Hikurangi Swamp	\$417,150
Total of all Categories	\$71,267,000

Uniform Annual General Charges set in accordance with section 15 of the Local Government (Rating) Act 2002 and Targeted Rates set out on a uniform basis in accordance with section 18(2) or clause 7 of schedule 3 of the Act do not exceed 30% of the total revenue requirements disclosed for the period covered in the Plan.

Discount for Rates paid in Full (Section 55 (3) Local Government (Rating) Act 2002)

Provision is made for ratepayers to receive a 'discount' of 5% (five per cent) if the total year's rates are paid in full by the last payment date of the first instalment. That date will be approximately 20 August 2009. Payment may be made by direct debit or other banking options. Full details of the discount available and the due date for payment will be distributed to individual ratepayers as part of the rates assessment/invoice which will be distributed around the middle of July 2009. (Refer to Rates Remission Policy No. 7 for details of discount on payment of water rates).

Due Dates for Rates Payable by Instalments

(Section 24 Local Government (Rating) Act 2002)

For those ratepayers who are unable to pay their total year's rates in full, provision is made for the rates to be made in four equal instalments. The instalment dates will be approximately the 20th of the following months; August 2009, November 2009, February 2010 and May 2010. The exact dates will show on the rates assessment/invoice. A ratepayer may elect to pay weekly, fortnightly or monthly by automatic payment through the banking system. Rates can also be paid by direct debit or other banking methods.

Water accounts are processed monthly, two-monthly or six-monthly. The due dates of these accounts will be relative to the consumer's cyclic billing period.

Penalties to be Imposed on Unpaid Rates

(Sections 57 & 58 - Local Government (Rating) Act 2002)

A penalty of 10% (ten per cent) will be added to each instalment or part thereof which remains unpaid after the due date for payment. All rates from the previous year (30 June) that remain unpaid as at 1 September will have a further 10% (ten per cent) added on 1 September. A penalty of 10% (ten per cent) will be added to water accounts or part thereof which remain unpaid after the due date of the cyclic billing period.

Note: Goods and Services Tax no longer applies to any penalty imposed on unpaid rates.

1. Introduction

This policy on significance outlines Council's general approach to determining the significance of proposals and decisions, and includes procedures, criteria and some thresholds Council will use in assessing which issues, proposals, decisions and other matters are significant.

It also lists assets Council considers to be strategic assets.

2. Statutory Requirements

Council is required to have a policy on significance under section 90 of the Local Government Act 2002 (the Act). A summary of this policy was included in the annual plan adopted for the period beginning 1 July 2003 under section 281 of the Local Government Act 2002.

Section 5 of the Local Government Act defines 'significant' and 'significance' as follows:

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.

3. Reasons for the Policy

3.1 Degree of Compliance

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 Local Government Act.

Section 79 of the Local Government Act provides that it is the responsibility of Council to make judgments about how to achieve compliance with sections 77 and 78 that are largely in proportion to the significance of the matters affected by the decision. In making such judgments Council must have regard to the significance of all relevant matters, and the principles relating to local authorities, Council's resources and the extent to which the nature of the decision and the circumstances allow consideration of a range of options or the views of other people.

In essence, the more significant the issue the higher the standard of compliance required.

Council decision-making processes must promote compliance with the requirements of sections 77, 78, 80, 81 and 82. For significant decisions, Council must ensure appropriate compliance.

4. Consultation

The significance of a matter will also guide the local authority's decisions concerning the extent and nature of the consultation to be undertaken with the persons likely to be affected or interested in the decision or matter.

Council must comply with the principles of consultation set out in section 82 in such a manner that Council considers, at its discretion, to be appropriate. In determining what is appropriate Council must have regard to various matters including the nature and significance of the decision or matter (including its likely impact from the perspective of the persons who will or may be affected by the decision).

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

5. Public Information

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.

The principles of consultation (section 82) include the principle that persons interested in decisions should be provided with reasonable access to relevant information, and should be given clear information concerning the purpose of the consultation. In addition, persons who present views to Council should be provided information concerning both the relevant decisions and the reasons for those decisions. In determining how to comply with these, and the other principles of consultation, Council will take into account the nature and significance of the decision.

If a decision is significantly inconsistent with, or will have consequences significantly inconsistent with a plan or policy of Council, Council must, when making the decision, identify the inconsistency, give reasons for it and any intention of Council to amend the policy or plan to accommodate the inconsistency (section 80).

In reporting to the community in its annual report, Council must give reasons for any significant variance between actual service provision and expected service provision. It must also describe any significant acquisitions or replacement of assets, giving reasons for them. It must explain any significant variation

between the projected acquisitions and replacements in the LTCCP and those actually made. The report must also, in relation to each Council-controlled organisation, report on the extent to which Council's significant policies and objectives in regard to ownership and control of the organisation have been implemented or attained during the year.

6. Inclusion in Long Term Council Community Plan and Special Consultative Procedures

Significance may also determine whether a decision on a matter must be explicitly included in the LTCCP, and in a statement of proposal which has been considered under a special consultative procedure, before the decision can be made (section 97).

Council must provide for a decision in its LTCCP and in a statement of proposal if the decision would:

- significantly alter the intended Level of Service provision for any significant activity (including a decision to commence or cease such activity)
- significantly affect the capacity of Council, or the cost to Council, in relation to any activity in the LTCCP.

Council must use the special consultative procedure in relation to any proposal for an alteration in the mode by which a significant activity is undertaken (section 88).

In addition, the policy on significance identifies the assets Council considers to be strategic assets.

Any decision to transfer ownership or control of a strategic asset, or a decision to construct, replace or abandon a strategic asset cannot be made unless it has first been included in the LTCCP, and in a statement of proposal relating to the LTCCP.

7. General Approach

Council will consider each proposal or decision on a case-by-case basis to determine whether the decision is significant. In determining this issue, Council will apply the criteria and procedures and consider the thresholds set out in this policy and will also consider each of the following:

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

The more significant or material the impact or consequences of the decision or proposal, the higher the standard of compliance required with Part 6 of the Act, and the more likely the matter will be 'significant'.

It is helpful to bear in mind that the references to 'significance' in the Act are intended to ensure that appropriate attention and consideration is given to matters based on their relative importance to the District or region.

Council will not make a decision or proceed with a proposal which it considers to be significant, unless it is first satisfied that sections 77, 78, 80, 81 and 82 of the Act have been appropriately observed.

The procedures below are designed to ensure observance of this policy.

Prior to delegating a decision on any specific matter to officers or committees, Council as a whole will consider the significance of the matter being delegated.

8. Thresholds, Criteria and Procedures

Council will use the following criteria and threshold shown below to help it decide if specific proposals and decisions are significant.

It is Council who decides whether or not a specific proposal or decision is significant.

A decision is significant if in Council's judgement two or more of the criteria/threshold fall in the significant column.

Council will evaluate the significance of each proposal or decision it makes.

Every report to Council must include a statement indicating that the issue of significance has been considered. Any report that staff identify as having a significant element to one or more of the criteria/threshold will be considered for significance by Council under this policy.

Criteria/ Threshold		Significant	Non-Significant
Criteria	Impact on Council's direction	Major & long term	Med - Low
Criteria	Change in Council's current Level of Service	Major & long term	Med - Low
Criteria	Level of Public Impact and/or Interest	Major & District wide	Med - Low
Criteria	Impact on Council's Capability (non-cost)	Major & long term	Med - Low
Threshold	Cost (Annual)	>10% of total rates	< 10% of rates

If the proposal or decision is considered to be significant, the report will also include a statement addressing the appropriate observance of such of sections 77, 78, 80, 81 and 82 as are applicable.

9. Strategic Assets

Section 5 of the Act defines strategic asset as follows:

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; and includes -

- a any asset or group of assets listed in accordance with section 902 by the local authority
- 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 1988
 - ii an airport company within the meaning of the Airport Authorities Act 1966.

For the purposes of sections 90 and 97 of the Act, where strategic assets are a group of

assets, Council considers the strategic asset as the whole group of assets. Where there is a group of assets, changes to the status of individual components of that group are not considered to change the status of the overall asset group unless they materially alter the nature of the overall asset group concerned.

Activity/Group of Activities Asset

- 50% holding in the Whangarei District Airport
- Pensioner Housing
- Roading and Traffic Network including footpaths, street lighting & parking but excluding land sale/purchases
- Wastewater Network and Treatment Plant
- Water Treatment, Storage and Supply Network
- Stormwater Network
- Reserves and Sports fields
- Forum North Complex
- Hikurangi Swamp Drainage Scheme
- Libraries.

10. '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 criteria set out in this policy and in the statutory definitions will apply.

Rates Remission and Postponement Policies

Policy 1 Remission of Uniform Annual General Charges and Specified Targeted Rates on Rating Units which are:

- (a) Separately used by one occupier for both business and residential purposes; or
- (b) Used for residential purposes and which include a separately inhabited part occupied by a dependant member of the family of the owner of the rating unit.

Policy 2 Remission of Some Uniform Annual General Charges and Targeted Rates which are Rating Units in Common Ownership but do not meet the Criteria of Section 20 (b) of the Local Government (Rating) Act 2002 i.e. 'Used Jointly as a Single Unit'.

Policy 3 Remission of Uniform Annual General Charges and Targeted Rates on Separately Used or Inhabited Parts of a Rating Unit.

Policy 4 Discount for Early Payment of Rates in Current Financial Year.

Policy 5 Remission of Penalties added to Unpaid Rates.

Policy 6 Remission of Excess Water Rates.

Policy 7 Discount for Prompt Payment of Water-by-Meter Charges.

Policy 8 Remission of School Sewerage Charges.

Policy 9 Remission of Rates for Community, Sporting and Other Organisations.

Policy 10 Postponement of Rates in Cases of Extreme Financial Hardship.

Policy 11 Remission and Postponement of Rates on Māori Freehold Land.

Policy 12 Remission and Postponement of Rates on Specific Farmland Properties.

Policy 13 Postpone and/or Remission of Rates and Charges on Properties Affected by Natural Calamity.

Full details of each policy follow.

Rates Remission Policy No. 1 Remission of Some Uniform Annual General Charges and Targeted Rates on Rating Units Which Are:

- a separately used by one occupier for both business and residential purposes; or
- b used for residential purposes and which include a separately inhabited part occupied by a dependant member of the family of the owner of the rating unit.

Objective of the Policy

The policy is to provide for the possibility of rates remission where more than one uniform annual general charge and/or targeted rate for specified services is assessed on a rating unit because that rating unit comprises more than one separately used or inhabited part and where either:

- a the rating unit is separately used by one occupier for both residential and business purposes; or
- b the rating unit is used for residential purposes and includes a separately inhabited part occupied by a dependant member of the family of the owner of the rating unit.

Conditions and Criteria

Council may remit the specified rates where the application meets the following criteria:

- 1 The rating units in (a) above must be

occupied (either as owner or lessee) by the same person(s) and separately used by that/those person(s) for his/her or their business and residence; or -

- 2 The rating units in (b) above must be used as the owner's residence but also contain a minor flat or other residential accommodation unit which is inhabited by a member of the owner's family who is dependent on the owner for financial support (e.g. a granny flat).
- 3 The owner(s) of the rating unit must complete and provide to Council a statutory declaration stating that the conditions in either (1) or (2) above apply. Such a declaration will be effective for 3 years or until the conditions cease to be met, whichever is earlier. A fresh declaration must be completed and provided in order to qualify for consideration for remission beyond the first 3 year period.
- 4 The rates which may be remitted are as follows:
 - a for rating units in both (a) and (b) above, any uniform annual general charge and/or uniform targeted rate for waste facilities and/or any other targeted rate assessed in respect of the rating unit, apart from the first of each; and
 - b in addition, for rating units in (b) above, any uniform targeted rate for sewerage

Rates Remission and Postponement Policies

services assessed in respect of the rating unit, apart from the first.

- 5 The Support Services Manager or the Rates Manager will be given delegated authority to consider applications for the remission of any rates in terms of this policy and to approve or decline them as appropriate. This delegated authority does not preclude any application for remission being referred to Council or a committee of Council if considered appropriate to do so.

Rates Remission Policy No. 2

Remission Of Some Uniform Annual General Charges And Targeted Rates On Rating Units Which Are Rating Units In Common Ownership But Do Not Meet The Criteria Of Section 20 (B): Used Jointly As A Single Unit

Objective of the Policy

To allow Council to remit any Uniform Annual General Charge or any targeted rate on any rating unit created as a result of subdivision that falls outside the automatic exemption provisions of section 20. To assist property developers with their long-term subdivision proposals if it is in the interest of Council to do so.

Conditions and Criteria

Council may remit the specified rates where the application meets the following criteria:

- 1 The rating units must have been created in accordance with Council's subdivision development requirements.
- 2 The rating units must be vacant land.
- 3 The rating units must be in the name of the ratepayer actually subdividing the land.
- 4 The rates which may be remitted are any uniform annual general charge and/or uniform targeted rate for waste facilities and/or any other targeted rate.
- 5 The remissions will apply to only the second or subsequent rating units of any subdivision.
- 6 That the Support Services Manager or the Rates Manager will be given delegated authority to consider any application for the remission of any rates in terms of this policy and to approve or decline them as appropriate. This delegated authority does not preclude any application for remission being referred to Council or a committee of Council if considered appropriate to do so.

Rates Remission Policy No. 3

Remission Of Uniform Annual General Charges And Targeted Rates On Separately Used Or Inhabited Parts Of A Rating Unit

Objective of the Policy

To allow Council to remit any Uniform Annual General Charge or any targeted rate on any separately used or inhabited part of a rating

unit where common or like occupancies occur or where the separately occupied portions are deemed to be operating as a single purpose unit.

To allow Council to remit any Uniform Annual General Charge or any targeted rate on any separately used or inhabited part of a rating unit where special circumstances apply and it is considered fair and reasonable to do so.

Conditions and Criteria

Council may remit the specified rates where the application meets the following criteria:

- 1 Council is satisfied that the separately used or inhabited parts of a rating unit are considered to be a single purpose function.
- 2 In the case of (1) above remission will apply to all separately used or inhabited parts of the rating unit, apart from the first.
- 3 The Support Services Manager or the Rates Manager will be given delegated authority to consider applications for the remission of any rates in terms of this policy and to approve or decline them as appropriate. This delegated authority does not preclude any application for remission being referred to Council or a committee of Council if considered appropriate to do so.

Rates Remission Policy No. 4

Discount For Early Payment Of Rates In Current Financial Year

Objectives of the Policy

The objective of the early payment policy is to encourage ratepayers to pay their rates early and in one sum so as to minimise processing costs and improve cash flow.

Conditions and Criteria

- 1 A discount will be allowed if the total rates assessed for the current year and all arrears are paid in full:
 - i on or before the due date for the first instalment; or
 - ii where an extended date for payment has been granted, on or before the extended date
- 2 That the amount of the discount be set each year in accordance with that provided in Council's Annual Plan.
- 3 That the Support Services Manager or Rates Manager be given delegated authority to resolve any matters pertaining to the discount provisions of Council policy.

Rates Remission Policy No. 5

Remission Of Penalties

Objective of the Policy

The objective of the remission policy is to enable Council to act fairly and reasonably in its consideration of rates which have not been received by Council by the penalty date due to circumstances outside the ratepayer's control.

Rates Remission and Postponement Policies

Conditions and Criteria

Council may remit the penalty rates where the application meets the following criteria:

- 1 Remission of penalties will be considered in any 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.
- 2 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.
- 3 Council may remit small balances due to cash rounding or where the balance outstanding is considered uneconomical to pursue.
- 4 That the Support Services Manager or the Rates Manager be given delegated authority to resolve any matters pertaining to the remission of penalties in accordance with this policy.

Rates Remission Policy No. 6

Remission Of Excess Water Rates

Objective of the Policy

To standardise procedures to assist ratepayers who have excessive water rates due to a fault

(leak) in the internal reticulation serving their rating unit.

Conditions and Criteria

Council may remit the excess water rates

where the application meets the following criteria:

- 1 The policy will apply to applications from ratepayers who are:
 - a domestic consumers or small commercial consumers with domestic like usage; who have a consumption 100% one hundred per cent or more in excess of their average usage, due to a faults in the underground pipes between the meter and the dwelling or building.
 - b That the Water Services Manager be given the authority to individually assess large commercial and industrial consumers.
 - c That if the ratepayer is not satisfied with the Water Services Manager's determination then the matter is to be referred to the Infrastructure and Services Chairperson.
- 2 That all applicants are requested to submit their application in writing.
- 3 That details of the location and the repairs to the reticulation be submitted for verification (i.e. plumber's repair account) and information supplied showing due diligence in the repair of the leak.
- 4 That the ratepayer as described in 1.(a) above be charged for consumption based

on the daily average for the period in question for the given property, plus 50% (fifty per cent) of the said average consumption.

- 5 That the excess consumption, over and above 150% (one hundred and fifty per cent) as in (4) above be considered for remission.
- 6 That the ratepayer be offered the opportunity to pay the account off by instalments where the excess amount is considered excessive and demand for payment in full may cause financial hardship.
- 7 All consumers who receive a remission will be advised by letter that further remissions for subsequent leaks on the same reticulation supply line may only be given at the discretion of the Water Services Manager.

Rates Remission Policy No. 7

Discount For Prompt Payment Of Water By Meter Charges

Objectives of the Policy

The objective of the prompt payment policy is to encourage ratepayers to pay their water by meter (rates) charges early so as to minimise administration costs associated with debt collection and to improve cash flow.

Conditions and Criteria

- 1 discount will be allowed if the total water

by meter (rates) charges assessed for the billing period and all arrears are paid in full:- (Part payments will receive a pro-rata discount as long as arrears are paid in full);

- i on or before the discount date of the billing period as stipulated on the account or;
 - ii where an extended date for payment has been granted, on or before the extended date.
- 2 That the amount of the discount be set each year in accordance with that provided in Council's Annual Plan.
 - 3 That the Water Services Manager or the Support Services Manager be given delegated authority to resolve any matters pertaining to the discount provisions of Council policy.

Rates Remission Policy No. 8

Remission Of School Sewerage Charges

Objective of the Policy

To provide relief and assistance to education establishments as defined in the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendments Act 2001 in paying sewerage charges.

Conditions and Criteria

- 1 The policy will apply to the following educational establishments:
established as a special school under section 98(1) of the Education Act 1964:

Rates Remission and Postponement Policies

or defined as -

- a state school under section 2 (1) of the Education Act 1989; or
- an integrated school under section 2 (1) of the Private Schools Conditional Integrated Act 1975; or
- a special institution under section 92 (1) of the Education Act 1989; or
- an early childhood centre under section 308 (1) of the Education Act 1989, but excluding any early childhood centre operated for profit.

2 The policy does not apply to school houses occupied by a caretaker, principal or staff.

3 The sewage disposal rate in any one year may not exceed the amount calculated under clause 4.

4 The sewage disposal rate is the rate that -
a would be levied using the same mechanisms as are applied to other separately rateable rating units within the District divided by the number of toilets as determined in accordance with condition 5 below (the full charge); and

b reduced in accordance with the following graduated formula:

- the full charge for each of the first 4 toilets or part thereof;
- 75% of the full charge for each of the next 6 toilets or part thereof;
- 50% of the full charge for each toilet after the first 10.

5 For the purpose of clause 4 (a) above the number of toilets for separately rateable units occupied for the purposes of an educational establishment is 1 toilet for every 20 students and staff or part thereof.

6 The number of students in an educational establishment is the number of students on its roll on 1 March in the year immediately before the year to which the charge relates.

7 The number of staff in an educational establishment is the number of teaching staff and administration staff employed by that educational establishment on 1 March immediately before the year to which the charge relates.

8 That the Support Services Manager or the Rates Manager be given delegated authority to approve remission of any sewage charges in excess of the charges payable according to the policy.

Rates Remission Policy No. 9

Remission Of Rates For Community, Sporting and Other Organisations

Objectives of the Policy

- To facilitate the ongoing provision of non-commercial (non-business) community services and/or recreational opportunities that meet the needs of Whangarei residents.
- To facilitate the ongoing provision of non-

commercial (non-business) recreational opportunities for Whangarei residents.

- To assist the organisation's survival; and
- To 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

Council may remit rates where the application meets the following criteria:

- 1 The policy will apply to land owned by Council or owned and occupied by a charitable or non-profit organisation, which is used exclusively or principally for sporting, recreation, or community purposes.
- 2 The policy will not apply to organisations operated for private pecuniary profit, or which charge tuition fees.
- 3 The policy will 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.
- 4 The application for rate remission must be made to Council prior to the commencement of the rating year; applications received during a

rating year will be applicable from the commencement of the following rating year. No applications will be backdated.

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

- (a) Statement of objectives;
- (b) Full financial accounts;
- (c) Information on activities and programmes;
- (d) Details of membership or clients.

6 The policy shall apply to such organisations as approved by the Support Services Manager as meeting the relevant criteria.

7 Remission will also be granted in respect of rates referred to in section 9 of the Local Government (Rating) Act 2002 (that is, targeted rates for sewage disposal or waste collection).

Remission will be 50% of property rates and 50% of service charges (as in 7 above).

The exception will be public community halls who will receive 100% remission of rates and charges.

Rates Postponement Policy No. 10

Postponement of Rates - Extreme Financial Hardship

Objective of the Policy

- To assist ratepayers experiencing extreme financial circumstances which affect their ability to pay their rates.

Rates Remission and Postponement Policies

Conditions and Criteria

Council will postpone rates in accordance with the policy where the application meets the following criteria:

- 1 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 and family circumstances.
- 2 As a general rule the ratepayer must be the current owner of the rating unit and have owned or resided on the property or another property within Whangarei District for not less than 2 years.
- 3 The rating unit must be used solely for residential purposes.
- 4 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.
- 5 The ratepayer must not own any other rating units or investment properties or other investment realisable assets.
- 6 The ratepayer must make application to Council on the prescribed form.
- 7 Even if rates are postponed, as a general rule the ratepayer will be required to pay

the first \$500 of the rate account.

- 8 The ratepayer must make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.
- 9 Council may add a postponement fee to the postponed rates for the period between the due date and the date they are paid. This fee will not exceed an amount which covers Council's administration and financial costs.
- 10 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.

Any postponed rates will be postponed until:

- 1 the death of the ratepayer(s); or
- 2 until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
- 3 until the ratepayer(s) ceases to use the property as his/her residence; or
- 4 until a date specified by Council as determined by Council in any particular case.

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.

The Support Services Manager will be given delegated authority to consider applications for rates postponement and approve or decline them as appropriate. This delegated authority does not preclude any application for postponement being referred to Council or a committee of Council if considered appropriate to do so.

Rates Postponement and Remission Policy No. 11

Remission and Postponement Of Rates On Multiple-Owned Māori Freehold Land (Set in accordance with Section 102 (4)(f), Section 108 and all matters contained in Schedule 11 of the Local Government Act 2002)

Policy

A postponement or remission of all or part of rates may be granted in respect of multiple-owned Māori freehold land which is unoccupied or unproductive.

Objectives of the Policy

- To recognise situations where there is no occupier or no economic or financial benefit is derived from the land
- Where part only of a block is occupied, to grant remission for the portion of land not occupied

- To encourage owners or trustees to use or develop the land
- Where the owners cannot be found, to take into account the statutory limitation of time for the recovery of unpaid rates
- Any other matter in accordance with schedule 11 of the Local Government Act 2002.

Conditions or Criteria

- 1 The land must be multiple-owned and unoccupied Māori freehold land which does not produce any income. A request for rates remission and/or postponement by the owners must include:
 - a Details of the land
 - b Documentation that shows the ownership of the land
 - c Reasons why remission is sought.
- 3 Where after due enquiry the owners of an unoccupied block cannot be found Council may apply a remission without the need for a request.
- 4 If circumstances change in respect of the land, Council will review whether this remission policy is still applicable to the land. All land identified under this policy for remission, will be reviewed triennially.
- 5 The Support Services Manager and the Rates Manager have delegated authority to grant or refuse remissions under this policy.
- 6 Any appeals against the decision of the

Rates Remission and Postponement Policies

Support Services Manager or the Rates Manager will be referred to Council for final determination.

Rates Postponement and Remission Policy No. 12

Postponement and Remission of Rates on Specific Farmland Properties

Objective of the Policy

The objective of the policy is to afford relief to farmers whose farmland has increased in value by the factor of potential residential, commercial or other non-farming use, carrying with it rates disproportionate to a farming use when compared to other farming properties within the District.

Conditions and Criteria:

In this policy, 'farmland' means a property rated under the category of 'rural' in Council's differential rating system.

The properties will be identified and the rates postponement values will be determined by Council's Valuation Service Provider in conjunction with a general revaluation.

The rates postponement value of any land is to be determined:-

- a so as to exclude any potential value that, at the date of valuation, the land may have for residential purposes, or for commercial, industrial, or other non-farming use; and
- b so as to preserve uniformity and equitable

- relativity with comparable parcels of farmland the valuations of which do not contain any such potential value.
- c any determination of rates postponement values to any one or more rating units when such rating units are in the same ownership is conditional upon all such rating units to which rates postponement values are determined remaining in the same ownership so that if one or more of such rating units is sold then all postponed rates on that or those rating units which are sold and all postponed rates on that or those other rating units which are not sold shall become payable.

Council may at any time, on the written application of the owner of any farmland requesting that the property be considered for postponement values, forward that application to Council's Valuation Service Provider for their determination. If so determined, the postponement values will take effect from the commencement of the financial year following the date of the application.

No objection to the amount of any rates postponement value determined under this policy may be upheld except to the extent that the objector proves that the rates postponement value does not preserve uniformity with existing roll values of comparable parcels of land having no

potential value for residential purposes, or for commercial, industrial or other non-farming development.

Effect of Rates Postponement Values

The postponed portion of the rates for any rating period shall be an amount equal to the difference between the amount of the rates for that period calculated according to the rateable value of the property and the amount of the rates that would be payable for that period if the rates postponement value of the property were its rateable value.

The amount of the rates for any rating period so postponed shall be entered in the rate records and will be included in or with the rates assessment issued by Council in respect of the rateable property.

Any rates so postponed, and, as long as the property still qualifies for rates postponement, will be written off after the expiration of five years.

Rates Levied before Postponement Values Set

Where Council has levied rates in respect of any property for any year before the rates postponement value has been determined, Council may make and deliver to the owner an amended rate assessment for that year.

Additional Charges

No additional charges will apply on any rates

postponed under the rates postponement values system.

When Postponed Rates Become Payable

All rates that have been postponed and have not been written off become due and payable immediately on:-

- a Any one or more of the rating units which comprise farmland to which rates postponement values have been attributed ceasing to be farmland; or
- b The interest of the owner of any one or more of the rating units under common ownership where rates postponement values have been determined on such land is transferred to or becomes vested in some person or other party other than:
 - 1 the owner's spouse; or
 - 2 the executor or administrator of the owner's estate.

For the avoidance of doubt, where rates postponement values have been determined in respect of land comprising one or more rating units in the same or common ownership and any one or more of those rating units either ceases to be farmland or is sold so as to cause rates that have been postponed and not written off to become due and payable then all postponed rates on all rating units in that common or same ownership whether they cease to be farmland or not or whether

Rates Remission and Postponement Policies

the interest of the owner in any one or more of those rating units is transferred to or becomes vested in some other person or not shall become payable.

Postponed Rates to be a charge on the

Rating Unit:

Where Council has postponed the requirement to pay rates in respect of a rating unit, a charge will be registered on the rating unit under the Statutory Land Charges Registration Act 1928.

Rates Remission Policy No. 13

Postponement and/or Remission of Rates and Charges on Properties Affected by Natural Calamity.

Objective of the Policy

The objective of the policy is to enable rate relief to be provided where the use that may be made of any land has been detrimentally affected by natural calamity.

Conditions and Criteria

- 1 All applications must be in writing and should be supported by documentary evidence as to the extent of the damage.
- 2 Council may remit wholly, or in part, any rate or charge made and levied in respect of any land affected by natural calamity, where it considers it fair and reasonable to do so.
- 3 The Support Services Manager will be given delegated authority to consider

applications for rate relief and to approve or decline them as appropriate. This delegated authority does not preclude any application for relief being referred to Council, or a committee of Council, if considered appropriate to do so.

- 4 If an application is approved, Council may direct its valuation service provider (if considered appropriate to do so) to inspect the rating unit and prepare a valuation that will take into account any factor that could affect the use of the land as a result of the natural calamity. As there are no statutory rights of objection or appeal for valuations of this nature then the valuation service provider's decision will be final.

Financial Contributions Policy Summary



Financial contributions may be charged in accordance with section 108 of the Resource Management Act 1991 under Whangarei District Council District Plan. Council enabled two methods by which to calculate financial contributions, those fixed rates contained in the table below, or a formula. Greater detail regarding the charging of financial contributions is contained in chapters 9 and 80 of the District Plan.

The charges in items 1, 2, 6, 7 and 8 are discounted rates and do not cover the full cost of providing the infrastructure. Items 3, 4 and 6 were the full costs at the time they were included in the Plan, but have not been adjusted since inclusion.

With the introduction of the Development Contributions Policy under the Local Government Act, the charging of financial contributions will become less common. Generally financial contributions will continue to be charged on resource consents lodged prior to 19 April 2005 with payment either before land-use consent is given effect to, or before 224(c) is issued on a subdivision consent. For the period 19 April 2005 and 1 July 2005 there are transitional provisions related to the charging of financial vs. development contributions and the Development Contributions Policy contains detail of the transitional provisions. All new resource and building consent and service connection applications received since 1 July 2005 will be charged development

contributions (where appropriate).

Even with the introduction of development contributions the District Plan will continue to contain provisions relating to financial contributions. The reason for this is that financial contributions, being a condition of resource consent are for the purpose of avoiding, remedying or mitigating an effect on the environment, whereas development contributions are solely for the purpose of recouping the costs of parks and reserves, network and community infrastructure. Therefore, it may be necessary to charge development contributions and financial contributions on the same consent application, however, this would be a very rare circumstance.

Item	Purpose	Part of District	Contribution Per Allotment Excl. GST
1	Reserves and community services	Whole District	\$1,600.00
2	Sewerage	Whole District where a reticulated system is available, except Langs Beach, McLeods Bay to Urquharts Bay, and Waikaraka to Parua Bay.	\$1,000.00
3	Sewerage	Area covered by Langs Beach Scheme.	\$2,280.00
4	Sewerage	McLeods Bay to Urquharts Bay Scheme: Area 1.	\$3,121.00
5	Sewerage	Waikaraka to Parua Bay Scheme: Area 2.	\$3,146.00
6	Stormwater	Whole District where a reticulated system is available.	\$1,000.00
7	Water supply	Whole District where a reticulated system is available.	\$1,000.00
8	Road network	Whole District.	\$1,000.00