



HDC Policies

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Significance Policy

SECTION 5 OF THE LOCAL GOVERNMENT ACT 2002, DEFINES SIGNIFICANCE AS:

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.

PART 1

General approach to determining which proposals and decisions are significant (s.90(1)(a)).

When determining the question of the significance of proposals and decisions in relation to issues, assets or other matters the Council will determine the extent to which:

- The consequences or impacts of the issue, assets, or other matters, affect a large number of residents and ratepayers to a moderate extent;
- The consequences or impacts of the issue, assets, or other matters, affect a small number of residents and ratepayers to a large extent; and,
- The issue, asset, or other matters have a history of generating wide public interest within the district, the Waikato Region or New Zealand generally.

PART 2

Thresholds, criteria & processes for determining which proposals and decisions are significant (s.90(1)(b)).

When undertaking a process to determine the extent to which issues, proposals, decisions or other matters are significant, the Council will use the following thresholds, criteria and procedures:

THRESHOLDS:

- Individual issues, assets, or other matters that incur more than \$1,000,000 in excess of budgeted expenditure, as identified in the Annual Plan and/or Hauraki Community Plan; and/or more than \$1,000,000 of unbudgeted expenditure;
- Any transfer of ownership or control, or the construction, or abandonment, of a strategic asset as defined by the Act or listed in this policy;
- A decision that will, directly or indirectly, significantly affect the capacity of the Council to carry out, or the cost to the Council in carrying out, in relation to any Activity identified in the Long-Term Council Community Plan;

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- Entry into any partnership with the private sector to carry out a significant activity; and,
- Hauraki District Council owns a number of assets and groups of assets that it considers to be strategic, however not all trading decisions made regarding these assets are regarded as significant nor do they effect the assets strategic nature. For example the roading, land drainage, water supply, waste water, and urban stormwater networks are strategic, but small parcels of land or plant that make these up may not be, and the purchase or sale of such small pieces of land or plant may not amount to significant decisions.

CRITERIA:

- Whether the asset is a strategic asset within the meaning of the Act or as listed in this policy.
- The extent to which there is, or is likely to be, a change in the level of service in carrying out any significant activity.
- The extent to which there is, or is likely to be, a change in the way in which any significant activity is carried out.
- The extent to which there is, or is likely to be, a change in the capacity of the Council to provide any significant service or carry out any significant activity.

PROCEDURES:

- Decisions on 'significance' will be made in accordance with the Council's Governance Statement, Standing Orders and the Delegations Manual.

PART 3

In accordance with s.90(2) the Council has identified the following strategic assets and groups of strategic assets:

As set out in the Local Government Act 2002 section 5, strategic asset means:

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 90(2) by the local authority; and
- (b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- (c) any equity securities held by the local authority in: –
 - (i) port company within the meaning of the Port Companies Act 1988;
 - (ii) airport company within the meaning of the Airport Authorities Act 1966.

The assets and groups of assets that Hauraki District Council considers to be strategic are:

- The Hauraki District Council roading network as a whole;
- The Hauraki District Council land drainage network as a whole;
- The Hauraki District Council wastewater network as a whole;
- The Hauraki District Council water network as a whole;
- The Hauraki District Council urban stormwater network as a whole;
- Solid waste handling facilities owned and operated by Hauraki District Council;
- Memorial halls in Ngatea, Paeroa and Waihi;
- Waihi Events Centre;
- Public libraries;

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- Hugh Hayward Domain, Ngatea;
- Paeroa Domain, Paeroa;
- Morgan Park; Waihi;
- Gilmour Reserve, Waihi;
- Karangahake Reserve, Karangahake Gorge;
- Pensioner housing.
- Assessment of the Council's water and other sanitary services [s.125];
- Entry into a partnership or joint venture for the provision of water services [s.137]; and,
- Disposal of a park [s.138].

NOTE 1: OTHER STATUTORY PROVISIONS

The following do not form part of the Council's policy on significance, however they are a range of the sort of other matters which are listed in the Act which require various levels of statutory consultation:

- Establishing a council controlled organisation [s.56];
- Adoption, review or amendment of any bylaw [s.86];
- Any proposal for an alteration in the mode by which a significant activity is undertaken by or on behalf of the Council [s 88(1)];
- Adoption of the Council's Long Term Council Community Plan [s.93(2)]; Alteration to the Council's Long Term Council Community Plan [s.93(5)];
- Adoption of the Council's Annual Plan [s.95(2)];
- Adoption or amendment of the Council's policy on significance [s.90(4) and s.103-s.108];
- Adoption or amendment of the Council's funding and financial policies [s.102(4)];

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ASSESSMENT MATRIX:

Is an issue/asset or other matter significant?

		Yes	No	Comment	Consultation
Threshold	>\$1,000,000 above cost in approved Annual Plan and/or Hauraki Community Plan				
	> \$1,000,000 unbudgeted expenditure				
	Does it involve a strategic asset?				
	Significant impact on Council ability to deliver HCP?				
	Private Sector partnership?				
Criteria	Does it involve a strategic asset?				
	Will there be a change in the level of service?				
	Will there be a change in the method of service delivery?				
	Will there be a change in the capacity of Council to provide the service?				
Procedure	Priority				
	Other consultation				
	Economic impact				
	Social impact				
	Environmental impact				
	Cultural impact				

Partnership with the Private Sector Policy

Section 107 of the Local Government Act 2002 requires Hauraki District Council to state its policy on committing resources to partnerships between the Council and the private sector.

Section 107(2) defines 'partnership with the private sector' as 'any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business.'

CIRCUMSTANCES

Council will consider partnerships with the private sector where:

- They contribute to achieving strategic objectives (community outcomes) as outlined in a long term strategic plan, an adopted long-term council community plan, or an Annual Plan;
- The private sector is unwilling to provide sufficient resources for the achievement of those strategic objectives or community outcomes without council support;
- The benefits to the district exceed the costs; and
- This policy refers to partnerships with private business – profit or non-profit. Section 107(2) makes it clear that neither partnerships between local authorities and/or Council controlled organisations, or contracts for the supply of goods or services are included.

CONSULTATION REQUIREMENTS

Hauraki District Council will consult on this "Policy on Partnerships with the Private Sector" as part of its annual and long term council community plan consultation processes.

This includes consultation on:

1. The circumstances under which the Council will enter into a partnership;
2. Any general conditions that must be met under partnership agreements;
3. The Council's approach to dealing with risk in any partnership it might enter into;

4. The procedure to be used to monitor the use of funds and other resources under the partnership agreement; and
5. The methods by which the Council will monitor how strategic objectives (community outcomes) were, or are being, achieved by the partnership.

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

- Is assessed against the Significance Policy of Hauraki District Council and consultation is found to be necessary; or
- Is considered of such interest to the community that the Council resolves that public consultation will occur, irrespective of its compliance with this policy.

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

FORMATION OF A PARTNERSHIP WITH THE PRIVATE SECTOR

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

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

PARTNERSHIP CONDITIONS

In considering a proposal the Hauraki District Council will require that:

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

RISK MANAGEMENT AND ASSESSMENT

On setting up a partnership, the potential risks to the Hauraki District Council will be outlined and where the risks are considered significant, in terms of probability and potential effect, a risk management strategy will be put in

place to appropriately minimise or provide cover for that risk to the satisfaction of Council.

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

Risk factors that will be considered will be:

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

MONITORING AND REPORTING

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

Monitoring and reporting will include the following where applicable:

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

Appointment & Remuneration of Directors for Council Organisations Policy

PURPOSE

Hauraki District Council (the Council) is required by Section 57 of the Local Government Act 2002 (the Act) to adopt a Policy for the Selection, Appointment and Remuneration of Directors of Council Organisations.

Council is required to adopt a policy that sets out an objective and transparent process for:

- the identification and consideration of the skills, knowledge and experience required;
- of directors of a council organisation;
- the appointment of directors to a council organisation;
- the remuneration of directors of a council organisation.

Council received no submissions for or against Council participating in the establishment of the Policy of Appointment of Directors.

Council resolved to proceed with the proposal contained in the Draft Annual Plan.

DEFINITIONS

The following definitions are provided for in Section 6 of the Act:

DIRECTORS

Section 6(3)(b) of the Act defines a director as including company directors, trustees, members, managers and office holders of an organisation.

ORGANISATION

Includes partnerships, trusts, arrangements for sharing profits, unions of interest, co-operations, joint ventures and similar arrangements.

COMPANY MEANS A BODY CORPORATE

COUNCIL ORGANISATION (CO)

CO means—

- (a) a company -
 - (i) in which equity securities carrying voting rights at a meeting of the shareholders of the company are -
 - (a) held by 1 or more local authorities; or
 - (b) controlled, directly or indirectly, by 1 or more local authorities; or
 - (ii) in which 1 or more local authorities have the right, directly or indirectly, to appoint 1 or more of the directors (however described) of the company; or
- (b) an entity in respect of which 1 or more local authorities have, whether or not jointly with other local authorities or persons, -
 - (i) control, directly or indirectly, of 1 or more of the votes at any meeting of the members or controlling body of the entity; or
 - (ii) the right, directly or indirectly, to appoint 1 or more of the trustees, directors, or managers (however described) of the entity”.

COUNCIL-CONTROLLED ORGANISATION (CCO)

“CCO means a council organisation that is -

- (a) a company -
 - (i) in which equity securities carrying 50% or more of the voting rights at a meeting of the shareholders of the company are -
 - (a) held by 1 or more local authorities; or
 - (b) controlled, directly or indirectly, by 1 or more local authorities; or
 - (ii) in which 1 or more local authorities have the right, directly or indirectly, to appoint 50% or more of the directors of the company; or
- (b) an entity in respect of which 1 or more local authorities have, whether or not jointly with other local authorities or persons, -
 - (i) control, directly or indirectly, of 50% or more of the votes at any meeting of the members or controlling body of the entity; or
 - (ii) the right, directly or indirectly, to appoint 50% or more of the trustees, directors, or managers (however described) of the entity”.

COUNCIL-CONTROLLED TRADING ORGANISATION (CCTO)

“CCTO means a council-controlled organisation that operates a trading undertaking for the purpose of making a profit”.

The exact form of CCO formed will depend on the objectives that the partners wish to achieve (e.g. should the CCO operate with the intent of making a surplus or with some other non-profit objective in mind).

PRINCIPLES

Prior to Council deciding to appoint a member, trustee, director or manager to any organisation, Council's involvement will be assessed against the following principles.

- The organisation's goals and objectives must fit with Council's directions as stated in its Long-Term Council Community Plan.
- Appointments must provide good governance to the organisation.
- The benefits of appointing a director or directors must outweigh other methods of achieving Council's objectives.

COUNCIL ORGANISATIONS

Appointments to COs are made for a number of reasons and are usually at the request of an organisation for a representative from Council.

Council has a non-controlling interest in a number of Organisations. These are mainly not for-profit bodies. Appointments are made by Council to these Organisations for a number of reasons. These include:

- to provide a means of monitoring where the Council has made a grant to that body;
- to enable Council involvement where the CO's activity is relevant to the Council;
- to satisfy a request from the Organisation that the Council appoint a representative;
- statutory requirements.

Appointments to a CO are generally for a three year term, and are made at a meeting of Council shortly after the triennial meeting of Council.

The Council will endeavour to minimise the number of appointments where the benefit to the Council of such an appointment is minimal.

All appointments will be at the pleasure of Council.

COUNCIL-CONTROLLED ORGANISATIONS (CCOS)

A CCO is a CO where Council (alone or together with other councils) controls 50% or more of the voting rights or appoints 50% or more of the directors. If Council is a shareholder it has a statutory requirement to monitor and evaluate the performance of CCOs.

Appointments to a CCO may be for any term but will generally be made for three years and made after the triennial Council elections.

COUNCIL-CONTROLLED TRADING ORGANISATIONS

CCTOs all operate at arm's length from Council and transactions between the company and the Council are on a purely commercial basis. Council and the CCTO will annually agree to a statement of intent which will allow the Council to outline its expectations of the CCTO.

If Council is a shareholder, it has a statutory requirement to monitor and evaluate the performance of CCTOs and is empowered under this policy to appoint directors to their own subsidiaries or associates in accordance with their own policies.

APPOINTMENT OF DIRECTORS

APPOINTMENT OF MEMBERS TO A CO

Appointments to COs are usually made at the beginning of each triennium and are generally elected members. Vacancies may occur during a triennium, or new organisations may seek a Council representative on their organisation. In such cases the appointments will be made by way of resolution of Council, having regard to the criteria specified in this policy.

APPOINTMENT OF COUNCILLORS AS DIRECTORS OF A CCO OR CCTO

Care should be taken when appointing Councillors as directors of CCOs as this may create a conflict between their obligations to the CCO and their obligations to Council.

All Councillors are eligible to be included in the list of potential directors, subject to the processes of this Policy.

A Councillor appointment must add value to the work of the Board and is not a substitute for a formal monitoring relationship between the Council and the subsidiary. Any elected member must have the required skills as identified in this policy.

The Council makes an appointment.

APPOINTMENT OF COUNCIL'S CHIEF EXECUTIVE OFFICER OR EMPLOYEES AS DIRECTORS OF A CCO OR CCTO

Care should be taken when appointing Council's Chief Executive Officer or employees as directors of CCOs as this may create a conflict between their obligations to the CCO and their obligations to Council.

Any employee of Council must have the required skills as identified in this policy.

Council will make the appointment.

IDENTIFICATION OF REQUIRED SKILLS, KNOWLEDGE AND EXPERIENCE

CO MEMBERS

The Council may appoint a person as a member of a CO only if the Council considers the person has the skills knowledge and experience to:

- guide the organisation given the nature and scope of its activities; and
- contribute to the achievement of the objectives of the organisation.

The Council considers that any person that it appoints to be a member of a CO should, as a minimum, have the following skills:

- an understanding of governance issues;
- either business experience or other experience that is relevant to the activities of the organisation (or both);
- sound judgement;
- intellectual ability;
- a high standard of personal integrity;
- the ability to work as a member of a team.

CCO AND CCTO APPOINTMENTS

In addition to the skills identified in 2.8.1 for appointment to a CO appointments to a CCO or CCTO shall also have the following skills:

- either business experience or other experience that is relevant to the activities of the organisation (or both).

CONFLICT OF INTEREST

The Council expects that any appointments to any CO, CCO or CCTO will avoid situations where their actions could give rise to a conflict of interest. To minimise these situations, the Council requires Directors to follow the provisions of Council's Code of Conduct or, in the absence of a Code of Conduct, the New Zealand Institute of Directors' Code of Ethics

All members are appointed "at the pleasure of the Council" and may be dismissed for breaches of the Code of Conduct or Code of Ethics or of this Policy.

REMUNERATION

Remuneration of Council appointments to COs, CCOs and CCTOs is a matter of public interest.

For CO appointments will be paid in accordance with Council's remuneration policy except as otherwise formally resolved by Council.

For CCOs and CCTOs, Council, in conjunction with other shareholders, will set the director's remuneration by resolution at the Annual General Meeting. On reaching a view on the appropriate level of remuneration for directors the shareholders representative will consider the following factors:

- the need to attract and retain appropriately qualified people to be directors;
- the level and movement of salaries in comparable organisations;
- the past performance of the organisation;
- the financial position of the organisation;
- the objectives of the CCO (in particular whether or not the CCO operates on a charitable basis).

CCO directors appointed by the Council will receive the remuneration (if any) offered by that body. Only if no remuneration is offered, will directors who are Councillors be entitled to receive normal Council meeting allowances.

In the event of Council's Chief Executive Officer or employee being appointed to a CCO where remuneration is paid, the fees for that appointee shall be paid to Council, unless the Council determines there are special circumstances.

DIRECTOR'S RESPONSIBILITIES

At the time of appointment the responsibilities of the director(s) in relation to reporting back to Council will be determined. As a minimum appointees will report on the progress of the organisation annually as required by the Local Government Act 2002 Schedule 10, Part 3, Sections 16 and 18.

REVIEW REQUIREMENTS

Council's involvement in these organisations will be reviewed within three months following each triennial election.

Council's policy of appointing and remunerating directors will be reviewed following the 2007 triennial election at the latest or earlier at Council's discretion.

Development & Financial Contributions Policy

Section 102(4)(d) of the Local Government Act 2002 requires Hauraki District Council to state its policy on development contributions and/or financial contributions.

Section 106 of the Act sets out the requirements for the policy.

Section 108(9) of the Resource Management Act 1991 defines 'financial contribution' as a contribution of: —

- (a) Money; or
- (b) Land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Maori land within the meaning of the Maori Land Act 1993 unless that Act provides otherwise; or
- (c) A combination of money and land.

Section 10.2 of the Hauraki District Plan (Operative 1997), prepared in accordance with the Resource Management Act 1991, contains the current objectives, policies and rules for financial contributions.

OBJECTIVE

To enable financial contributions to be taken in a manner and to an extent that people carrying out development/subdivision make a fair contribution to the provision of/development of infrastructure and services to meet the present and future needs of the community for their social, economic, environmental and cultural well being.

POLICY OUTLINE

This policy details the circumstances in which Council currently requires financial contributions via Section 10.2 of its Operative District Plan. (For statutory requirements, refer to section 106 of the Local Government Act 2002).

REQUIREMENT

The Local Government Act 2002 (hence referred to as 'the Act') requires Council to adopt a policy on development contributions or financial contributions. This applies regardless of whether it has decided to assess:

- development contributions under the Act; or
- financial contributions under the Resource Management Act 1991 (RMA).

Once adopted, this Policy may only be amended through the Special Consultative Procedure process or as an Amendment to Council's Long Term Council Community Plan.

POLICY

Council's current policy is to take financial contributions pursuant to section 108 of the Resource Management Act (1991) (RMA), as incorporated in Section 10.2 of the Operative Hauraki District Plan, Plan attached as Appendix A.

Financial Contributions are currently payable in respect of the stormwater system, wastewater collection, water supply reticulation system, the roading network, and for community recreation facilities.

POLICY REVIEW

Councils current Policy on Development and Financial Contributions will be reviewed during the period 2006 - 2008 as a direct result of two other required policy initiatives.

1. Pursuant to Section 79(2) of the Resource Management Act, 1991 Council has commenced its first full review of its Operative District Plan. At present Council levies financial contributions, as detailed in Appendix A , via its District Plan.
2. Council is further developing Asset Management Plans which form the basis of Councils Long Term Council Community Plan. As part of this planning process staff will be considering updated information relating to population projections, lifecycle costs of assets, demand growth, service levels and other relevant factors relating to the provision of Infrastructural and Community Facilities across the district. This important background information will assist staff to provide to Council recommendations to consider for the development of a Development Contributions Policy based on the Long Term Capital Works Programme.

The review shall specifically consider whether Council will continue to take contributions under the Resource Management Act, and/or whether Council will take contributions under the Local Government Act 2002 and/or whether Council will take selected contributions under both Acts.

In reviewing the policy on development or financial contributions, the following requirements for the policy detailed in the Local Government Act 2002 will be considered. These are:

- Summarise the capital expenditure (identified in the long-term council community plan (LTCCP)) which Council expects to incur to pay for facilities to meet growth
- State what proportion of that capital expenditure will be funded by:
 1. Development contributions
 2. Financial contributions
 3. Other sources of funding
- Explain (see section 101(3) of the Act), why these funding sources will be used
- Identify separately each activity or group of activities for which a contribution will be required, and the total amount of funding to be sought by contributions
- If development contributions will be required, comply with sections 201 and 202 of the Act. This must:
 - First, include in summary form; the explanation and justification for the calculation method; significant assumptions underlying calculation of the schedule, including potential effects if there is significant uncertainty; conditions and criteria for remission, postponement, or refund of development contributions, or the return of land; the basis on which the value of additional allotments or land is assessed for section 203(1).
 - Second, contain a schedule specifying: the development contributions payable in each district, calculated in respect of reserves, network infrastructure, and community infrastructure, and the event (trigger) that will give rise to a requirement for a development contribution, whether that is a resource consent, a building consent, or an authorisation for a service connection. If different development contributions are payable in different parts of the district, the schedule must be done for each of those, and also be separately specified for each activity or group of activities for which separate development contributions are required.

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- If financial contributions will be required, summarise the provisions that relate to financial contributions in the District Plan
- If development contributions are required, the full methodology demonstrating how the calculations for those contributions were made must be kept available for public inspection
- If financial contributions are required, the provisions of the District Plan relating to financial contributions must be kept available for public inspection.

The Policy Review will commence in July 2006 and will use as its financial base the Capital Expenditure and Financial Programmes identified in the Long Term Council Community Plan for the 2006 – 16 period. These Capital Works and Financial Programmes are based on the Asset Management Plans developed as at 30 June 2006.

The Review will be subject to a Public Consultation Process during its development (and prior to the Public Consultation Process required by the Special Consultative Procedure). It is hoped to take the proposed policy through the Special Consultative Procedure as part of the 2008-09 Annual Plan process (as an amendment to the 2006 – 16 Long Term Council Community Plan) or through the Public Consultation through the consideration of the 2009-19 Long Term Council Community Plan.

As the Policy is reviewed, the current Policy of Financial Contributions under Section 10.2 of Councils Operative Plan will continue.

APPENDIX A

Hauraki District Plan (Operative 1997) – Section 10.2 Financial Contributions.

10.2 FINANCIAL CONTRIBUTIONS

10.2.1 BACKGROUND

10.2.1.1 Resource Management Act

The Resource Management Act 1991 requires Council to manage the effects of development in a manner which promotes the sustainable management of natural and physical resources.

The requiring of financial contributions on subdivision and development is one mechanism whereby the effects on the environment of such activities can be avoided, remedied or mitigated. Financial contributions can be in various forms (eg works, cash, land) and are thus a flexible means of managing the environmental effects of activities. There are other mechanisms that have been used to control effects on the environment including:

- Restricting or avoiding development on unsuitable land (eg by zoning);
- Controlling how land is developed;
- Managing effects through performance standards;
- Requiring assessment of activities and their effects through the resource consent process; and
- Council undertaking appropriate works.

Section 108(9) of the Act defines financial contributions to be:

- Money.
- Land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Maori land within the meaning of the Maori Land Act 1993 unless that Act provides otherwise.
- Works, including the protection, planting or replanting of any tree or other vegetation or the protection, restoration, or enhancement of any natural or physical resource.
- Services (eg water supply, sewerage treatment, stormwater discharge, roading).
- Any combination of the above.

10.2.1.2 Past Practice

The practice of local government and developers each having a role in providing services to "greenfield sites" and redevelopments within existing areas has occurred for many years.

One method to facilitate the provision of services is for developers to either physically provide the service, land or facility, or to pay a financial contribution to Council for land or a service, which will be purchased or installed by Council at a later date. This practice has enabled developments to proceed at times when developers and Council individually, have not been in a position to fund all the necessary services or where it is impracticable at the time to physically provide them.

Services (including reserve land and community recreation facilities) to a subdivision or development are provided for a number of reasons, including:

- Protecting the environment from the adverse effects of development (eg sewage is managed in order that the contamination of water is avoided; stormwater is managed to avoid erosion and flooding effects; and reserves protect landscape amenities, as well as providing "green spaces" in the urban areas)
- Enabling people and the community to provide the services that are necessary for their wellbeing (eg footpaths, roads and cycleways provide the physical access to allow communication and social mixing; and street lighting provides security and visibility at night).
- Providing convenience for the user (eg telecommunications and energy).

Further provision of services requires the commitment of significant energy and other resources. Services themselves are major users of resources, both in their structures (pipes, valves, cement etc) and in their installation and maintenance.

The acceptance by Council of a number of financial contributions and Council physically providing the service is a more efficient use of resources and energy than if individual developers separately provided their share of the service. In many instances, it would be impracticable and inefficient for developers to upgrade the road only to the degree their development required.

10.2.1.3 Service Programming

The Council employs three methods for programming the finances necessary to provide new services and to upgrade existing services. These are the Services Development Plan (SDP), the Community Recreational Facilities Development Plan (CRFDP) and the Annual Plan (AP).

The SDP sets out the roading and other services development proposals for a ten year period. The SDP is being developed by Council using the data it holds on the capacity and standards of existing services and the future needs as evidenced by foreseeable demands. Consultation with the community on the type, standard and priority of services it considers necessary will be undertaken. From there, a programme of District works is then drawn up. Council is currently preparing its Services Development Plan for the next 10 years. The SDP will be monitored and reviewed on an annual basis and adjustments made as necessary.

The CRFDP sets out the recreational facilities (land, reserves, halls, swimming pools, libraries etc) required on a Ward and District basis for the next ten years. The CRFDP is being developed by Council using the data it holds on the areas of reserve, the type of reserves, the number and type of facility, and comparing that with the existing and expected population in each Ward and for the District as a whole. Consultation, review and monitoring will be undertaken in a similar manner to the SDP.

Both the SDP and the CRFDP will be implemented through the Annual Plan (AP), which is the process by which Council programmes the expenditure of funds on an annual basis for a three year period. The AP process also involves public consultation on the priorities for Council projects.

10.2.1.4 Types of Services

To assist in determining responsibility for provision, services can be divided into two separate categories, as follows:

1. **On-site Services**, being those works carried out within and as part of a subdivision or development. These are held to be the responsibility of the subdivider or developer and it is proposed that this practice should continue. On-site services include parking, water, power and stormwater. The only exception to this approach is for parking in the Town

Centre zone, where Council may accept a cash payment-in-lieu being made, and the Council will be responsible for the provision of parking within this zone generally.

2. **Off-site/Ward and District Services**, being those trunk and community services outside the site of the subdivision or development, which serve the community in general and are incidental to the subdivision or development.

These are community facilities (libraries, reserves, halls) or public works or network utilities (sewage and water treatment plants, landfill) that are the responsibility of Council, and which are provided by Council using funds from rates, grants, loans or user payments. The provision of these services are the subject of the SDP, CRFDP and AP programmes and the use of financial contributions is a further appropriate means to ensure these services can readily accommodate proposed subdivisions and developments.

Council considers that financial contributions need only be accepted for the following off-site services:

- Reserves and community facilities;
- Roads;
- Water supply;
- Sewerage; and
- Stormwater/land drainage.

The on-site services and the off-site services that are required as a direct result of a development are the responsibility of the developer. If these cannot be provided, then the development will generally not proceed. Off-site services that are not a direct result of a development, or are Ward and District services are not required to be provided by the developer as they are considered to be a District responsibility.

10.2.1.5 Proposed Approach

The way in which and the type of financial contribution (land, works, services, money etc) that will be acceptable to Council is summarised below:

1. If a development or subdivision requires a service that is already budgeted for within the AP for that year (not the following years), then no financial contribution is required. If the service is required ahead of the time that Council has programmed for that year, then Council will enter into an agreement with the developer, to the effect that the developer can provide the service and Council will reimburse only the amount that was budgeted for in the AP.
2. If a development or subdivision requires a service that is not budgeted for in the AP for that year, but is in either the AP for the following years or is in the SDP or CRFDP, then a financial contribution is required. This financial contribution can be in the form of works, services, land, money or combination of these. (See 4. below).
3. If a development or subdivision requires a service that is not covered in 1 or 2 above, then the financial contribution will, in general, only be acceptable in the form of the developer vesting the land or carrying out the work or installing the service etc.

The contribution may be accepted in the form of money. This will usually be in the situation where Council considers that it is more appropriate for Council to carry out the work (eg work required on the upgrading of a water treatment plant). The other situation

where Council will accept a money contribution is where it is physically impossible to provide the contribution in any other form.

4. In 2. and 3. above, the type of contribution will vary between situations depending on the effect (type, degree of detriment etc) and the amount of the contribution.

For example, a development may necessitate the vesting of land as a community recreational facility contribution, but the amount of contribution is very small and/or the location of the land is impracticable for recreation purposes. In such a case, the financial contribution should be in the form of money. This would enable the Council to put this contribution with others collected for developments in the same area and thus provide a facility that best serves the needs of the community. This will also mean that the amount that would need to be set aside in the SDP, CRFDP or AP would be reduced accordingly or could be spent on other recreational facilities.

This acceptance of the financial contribution in the form of money will be conditional upon the detrimental effects of the activity being such that in the Council's opinion, the service, facility or works does not need to be provided immediately.

10.2.2 RESOURCE MANAGEMENT ISSUES

The role that financial contributions can play in avoiding, remedying or mitigating the effects of development or subdivision on the environment, must be developed in tandem with other methods available.

To develop an appropriate manner in which to "signal" to the market that there is a cost involved in carrying out the development or subdivision and that the burden of that cost should be borne equitably between the developer and the community. An undue financial burden on community public facilities should at least be partly offset by a contribution from the developer.

10.2.3 ANTICIPATED ENVIRONMENTAL RESULTS

Avoiding, remedying or mitigating the effects of land use activity and subdivision upon the natural and physical environment.

Creating a healthy, safe and unpolluted environment for residents and visitors to the District.

Reduction in the use of resources and energy devoted to the installation and maintenance of public services, thereby contributing to the sustainable management of natural and physical resources.

10.2.4 OBJECTIVES AND POLICIES

Objective 1

To secure the appropriate provision of land, public services and facilities required to avoid, remedy or mitigate the detrimental effects of subdivision and development.

Policies

Objective 1 will be achieved by implementation of the following policies:

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1. Zoning land for activities that can be physically and financially provided with the necessary services.
2. That the costs of subdivision and development are shared in an equitable manner between the community and the developer.
3. Council providing the services required by development and subdivision, through the Services Development Plan, the Community Recreation Facilities Development Plan and the Annual Plan procedures.

Reasons

1. There are mechanisms within and outside the District Plan that can be used in different situations to control and manage the effects of developments and subdivision.
2. Within the District Plan, rules are the primary tool used to achieve the objectives and policies. One set of rules provides for financial contributions.

Objective 2

To provide a financial contributions system that is fair and equitable, while meeting the need to avoid, remedy or mitigate the effects of development or subdivision on the environment. This system is to be carried out in a coordinated and sustainable way which uses the least resources and energy (for the service itself, its installation and its maintenance).

Policies

Objective 2 will be achieved by implementation of the following policies:

1. Requiring all on-site works and services required solely to serve the development or subdivision to be provided as part of and at the entire cost of the developer or subdivider. (See the exception in 2. below).
2. Allowing for a cash payment-in-lieu of providing the on-site service of carparking in the Town Centre zone only. Council will coordinate carparking in this situation.
3. Providing for services that cannot be directly attributable to the effects of a development/subdivision or are Ward or District wide services that are of benefit to the wider community, to be funded through the use of rates, loans, gifts, government subsidies and user service charges, and to be implemented by Council.
4. Using the Services Development Plan, the Community Recreation Facilities Development Plan and the Annual Plan process and documents to determine when a financial contribution is required and in what form. Both processes involve public consultation and regular monitoring, reviewing and reporting.
5. Accepting contributions for only the following services:
 - Community recreational facilities.
 - Stormwater/land drainage.
 - Rooding.
 - Sewerage/wastewater systems.
 - Water supply.

6. Requiring the financial contribution to be assessed only on those effects on the service that are directly attributable to the development/subdivision.
7. Targeting the financial contribution to avoid, remedy or mitigate the effects of development/subdivision, rather than as a source of general funding, or day to day administration and maintenance of the service.
8. Not using financial contributions as a means of incentive to encourage or discourage development in specific areas, except insofar as the identification of the true costs that such development creates, serves as an economic instrument. Council can employ other mechanisms to encourage development into specific areas (eg rates relief, bonus provisions, zoning).
9. Clearly explaining in the District Plan, the manner in which financial contributions are collected, administered and used, including matters such as calculation of the contribution, when to pay, credits, dispensations and refunds.

Reasons

1. Financial contributions are an appropriate tool to use in the controlling and management of effects on the environment. They clearly indicate to developers the costs that would be imposed on the environment and the community if those effects were not avoided, remedied or mitigated.
2. The taking of contributions needs to be coordinated with the programme of Council works to ensure that provision of services is implemented in a practical manner.
3. The District Plan is the document which integrates and leads the programme of services required, through the location and extent of zones and by the standards of development.

(Note: For the objectives and policies for each service identified in Policy 5. above, see Sections 10.2.7 -10.2.11).

10.2.5 METHODS TO IMPLEMENT OBJECTIVES AND POLICIES

The principal method by which Council will implement the above objectives and policies through the District Plan is by the use of Rules to control, manage and direct the provision of services throughout the District.

Council recognises that there are other complementary methods available to deal with the effects of development/subdivision on the environment. Council providing the necessary services prior to development occurring is one method. However, in the past, Council has not always been able to accurately predict where and to what extent services have been required. This has led to waste of community funds, either through providing the wrong type or "unrequired" services, or having to quickly provide services for unplanned demand. It is more appropriate that the market takes the responsibility and the risks for providing services ahead of what Council has been able to determine are required.

The SDP, CRFDP and AP are mechanisms that allow for the implementation of services which are planned and budgeted for.

Monitoring of the financial contributions required to be provided (including the payment of money) and the implementation of the SDP, CRFDP and AP programmes will be carried out by Council. Further, the need for Council to undertake works or services not provided for in those programmes will also be monitored. The monitoring and review process will indicate the degree to which the various mechanisms are meeting the demands of the community and the level of coordination between them.

10.2.6 GENERAL RULES APPLICABLE TO ALL DEVELOPMENTS AND SUBDIVISIONS

1. All works and services required by this District Plan to be provided (as part of any activity in any zone) on or within the site and for the purpose of that development or subdivision, shall be funded entirely as a cost to the development or subdivision.

(Refer to Performance Standard 9.3.6 - Payment-in-lieu of Parking for the only exception to this rule).

2. All works (as defined in Section 108(9)(c) of the Act) required for the purposes of a development or subdivision, and/or required to ensure compliance with any standard, rule or other authority shall be funded entirely as a cost to the development or subdivision.
3. Any spare capacity for future demand, which is built into the work or service by the developer/subdivider at the Council's request shall be paid for by Council in either works, services, money or combination of these. Such arrangement to be negotiated and agreed by both parties.
4. If a development or subdivision requires a service that is already budgeted for within the AP for that year (not the following years), then no financial contribution is required. If the service is required ahead of the time that Council has programmed for that year, then Council will enter into an agreement with the developer, to the effect that the developer provide the service and Council will reimburse only the amount that was budgeted for in the AP.
5. If a development or subdivision requires a service that is not budgeted for in the AP for that year, but is in either the AP for following years or is in the SDP or CRFDP, then a financial contribution is required. This financial contribution can be in the form of works, services, land, money or combination of these. (See 7 below).
6. If a development or subdivision requires a service that is not covered in 4 or 5 above, then the financial contribution will, in general, only be acceptable in the form of the developer vesting the land or carrying out the work or installing the service etc.

The contribution may be accepted in the form of money. This will usually be in the situation where Council considers that it is more appropriate for Council to carry out the work (eg work required on the upgrading of a water treatment plant). The other situation where Council will accept a money contribution is where it is physically impossible to provide the contribution in any other form.
7. In 5 and 6 above, the type of contribution will vary between situations depending on the effect (type, degree of detriment etc) and the amount of the contribution.

This acceptance of the financial contribution in the form of money will be conditional upon the detrimental effects of the activity being such that in the Council's opinion, the service, facility or works does not need to be provided immediately.

8. Where Payable

- (i) Financial contributions are "payable" in the circumstances set out under Sections 10.2.7 - 10.2.11.
- (ii) In addition, financial contributions may be imposed where Council considers it necessary to avoid, remedy or mitigate the effects of developments or subdivisions that are either discretionary or non complying activities.

9. When Payable

- (i) Financial contributions payable in the form of money or works as part of a subdivision consent must be paid or completed prior to the issue of a certificate under Section 224 of the Act, while contributions in the form of land shall vest on the deposit of the survey plan under Section 223 of the Act.
- (ii) Contributions "payable" in any form, in respect of a development must be paid prior to the uplifting of a building consent or where no building consent is involved, before the commencement of the activity (notwithstanding whether the activity is permitted, controlled or approved by discretionary/non complying activity consent).
- (iii) Except in the case of a money contribution in respect of a subdivision or development, provision or installation of any contribution may be deferred subject to the satisfactory protection of that contribution by a bond. (Refer to Rule 10.1.5.5 E. for the rules relating to bonds).

10. Amount Payable

- (i) The amount payable shall be in accordance with the formulae and standards set out under Sections 10.2.7 - 10.2.11.
- (ii) The value of any contribution shall be determined at the time the resource consent or other consent is granted by Council. Where payment or vesting is delayed for a year or more, it shall be adjusted annually on the anniversary of the consent in accordance with the relevant rule or with the Consumer Price Index (whichever is applicable).
- (iii) GST is payable on all contributions.

11. Credits and Refunds

- (i) Contributions in excess of that required, will be recorded as a credit to run with the land, but only in respect of the service for which the contribution was paid, and only in respect of development/subdivision of specified land in the immediate vicinity.
- (ii) No financial contribution shall be payable if such a contribution has already been paid in respect of that area of land.
- (iii) Where a contribution was made in respect of a residential development of two or more dwellings on one allotment (without subdivision), and the allotment is subsequently subdivided to create separate allotments for those dwellings, no further contribution is payable for those allotments.

- (iv) Where an activity does not proceed and the consent lapses or is cancelled, the financial contribution shall be refunded in accordance with Section 110 of the Resource Management Act 1991, upon application by the person who paid the contribution.
- (v) Where Council has accepted a financial contribution it shall be obliged to carry out that work at the appropriate time. In the event that Council carries out the work at less cost than the contribution paid, then Council shall refund the "balance" to the person who paid the contribution.

12. Administration

- (i) Financial contributions shall be established and administered in accordance with Section 111 of the Resource Management Act 1991 and Section 223F of the Local Government Act 1974.
- (ii) A register of the following information (as a minimum) shall be recorded and be available as public information:
 - the amount
 - who paid and when
 - the service to which the contribution relates
 - in the case of refunds, who is to receive them
 - in the case of credits, to whom or what land the credit is applicable to.

10.2.7 ROADS

10.2.7.1 Background

Growth in traffic volumes leads to the need for funding and works to upgrade the roading network to accommodate the additional traffic.

Subdivision and subsequent residential development are the main contributors to increasing traffic volumes. Such activities demand a level of roading service to a sealed standard. Therefore, it is equitable that new residential development and subdivision should contribute to the cost of improvement.

There are also developments that involve the use of heavy commercial vehicles. Although the number of vehicles may not be large, the weight of the vehicles can cause substantial damage to the roading network. Such activities include transport depots, extractive industries, meatworks, forestry and dairy factories. For most of these activities, a resource consent is required to be obtained. This allows for the evaluation of the appropriate level of work, service, money or other form of contribution to deal with the effects on the road, and for conditions to be included with the consent granted.

A large part of the rural roading network is constructed to a sealed standard. This resource needs to be protected and the same level of amenity, safety and convenience made available to all parts of the District where that is considered desirable.

Council's current expenditure programme is aimed at sealing roads on the basis of monitored traffic volume.

Rural and Rural Residential Zones

Roads (or sections of roads) in the Rural and Rural-Residential zones with an Annual Average Daily Traffic (AADT) of 50 or more vehicles are proposed to be upgraded to a sealed standard. These roads will be on the SDP and also on the AP. Once all the roads with an AADT of 50 or more have been sealed to the required standard, a decision will need to be made whether additional roads will be sealed. At this stage, the threshold for requiring financial contributions in respect to roads in these zones has been set at an AADT of 50 vehicles.

Financial contributions will not be taken on developments or subdivision that increase the AADT to less than 50 AADT. This is due to the problems associated with:

- collecting and administrating small amounts of money;
- the situation that on some roads, there will not be any further development and accordingly no further money;
- the length of time taken to achieve an AADT of 50 (if ever);
- including sunset and refund rules in the District Plan;
- returning money to contributors at a later date when the works have not been undertaken.

Urban Zones

In the urban environment (includes Residential, Marae Development, Town Centre, Township, Reserve and Industrial zones), Council has aimed to provide a level of amenity of streets, by requiring sealed construction, kerb and channel, lighting and footpaths where each of those elements is appropriate.

In urban areas, contributions for road upgrading will be assessed in relation to:

- The standard of formation of the street concerned (ie does it meet the standards for the status it has in the Roding Hierarchy).
- The increase in traffic on the street resulting from the subdivision or development.

Unlike the rural and rural-residential situation, financial contributions will be taken on all developments and subdivisions in the urban areas. This is due to the following factors:

- Many of the streets are of a poor standard;
- The high cost of upgrading streets;
- Policies in the District Plan seek to encourage infilling, which places additional pressure on the streets. This also means that there are unlikely to be large "one-off" developments that would necessitate the upgrading of a street.

HDC Policies

Development & Financial Contributions Policy

10.2.7.2 Objectives and Policies

Objective 1

To ensure that roads and streets in the District are able to safely and efficiently accommodate additional traffic arising from subdivision and development.

Objective 2

To sustain and improve the roading resource of the District.

Policies for Objectives 1 and 2

Objectives 1 and 2 will be achieved by implementation of the following policies:

1. Maintain roads and streets to a level of amenity that is consistent with the demands of the community.
2. Using the AADT, the status of the street in the hierarchy and the appropriate performance standards to determine the level of construction required for a road or street to fulfil the function demanded of it.
3. Accepting financial contributions in the form of works, services, money or combination of these.

10.2.7.3 Rules

(Refer to Rule 10.2.6 for General Rules).

A. New Roads and Streets In All Zones

The total cost of developing new roads and streets (including unformed legal roads and streets) required to serve a development or subdivision shall be met entirely as a cost to the developer.

B. Existing Roads and Streets

(a) Rural and Rural-Residential Zones

1. Where any development or subdivision will cause the AADT of an unsealed road (or part of a road) to exceed 50, then the financial contribution shall be calculated using the formula in 3 below, as the cost of improving (sealing) only the portion of road subject to the AADT over 50.
2. Where any development or subdivision takes place on any other unsealed road with an existing AADT greater than 50 and the road is identified as requiring work in the SDP (but is not on the AP), then the financial contribution shall be calculated using the formula in 3. below, as the cost of improving (sealing) only the portion of road subject to the AADT over 50.

3. The financial contribution required to be provided under 1. and 2. above shall be calculated using the following formula:

$$\text{Contribution} = \text{IC} \times \frac{\text{AV}}{(\text{AV} + \text{PV})}$$

IC = Cost of improving affected portion of road as per Services Development Plan

AV = additional AADT

PV = existing AADT

(b) Urban Zones

1. Where any development or subdivision causes the volume of traffic to increase, but the street:

(i) still has a level of traffic that is less than the lowest of the traffic range that the street is designed to accommodate by reference to the street hierarchy in Section 8.9; and

(ii) has not been formed to the required standard for a street with that status in the hierarchy, by reference to Performance Standard 8.9.a financial contribution **in the form of money only** shall be paid. The contribution shall be calculated for the length of street subject to the increase in traffic, as a percentage of the cost of improving the street to the standard that the street has in the hierarchy. The contribution in money shall be calculated using the formula in 3 below.

2. Where any development or subdivision causes the volume of traffic to increase, and the street:

(i) still has a level of traffic that is within the range of traffic volume that the street is designed to accommodate, by reference to the street hierarchy in Section 8.9; or

(ii) will then have a level of traffic that is **outside** the range of traffic volume that the street is designed to accommodate, by reference to the street hierarchy in Section 8.9; and

(iii) in the case of either (i) or (ii) has not been formed to the required standard for a street with that status in the hierarchy, by reference to Performance Standard 8.9, a financial contribution (**payable in any form**) shall be required. The contribution shall be calculated for the length of street subject to the increase in traffic, as a percentage of the cost of improving the street to the standard that the street has in the hierarchy, using the formula in 3. below.

3. The financial contribution required to be provided under 1. and 2. above shall be calculated using the following formula:

$$\text{Contribution} = \text{IC} \times \frac{\text{AV}}{\text{AV} + \text{PV}}$$

IC = cost of improving the affected portion of the street to the level that the street should be, as determined by the volume of traffic and the street hierarchy

AV = additional volume of traffic

PV = existing volume of traffic

(c) Activities Involving Heavy Vehicles in All zones

Heavy vehicles may cause substantial damage to the roads on which they travel. However, the extent of such damage will be dependent on many factors including type of vehicle, traffic volumes, road geometry and the standard of the road construction. Accordingly, no standard financial contribution is required where any activity will generate increased volumes of heavy traffic. Rather, each proposal will be assessed in relation to the circumstances specific to it, which include the following matters:

- the frequency and type of vehicle movements
- the roads and streets to be used
- the length of time the traffic will be using the route (eg is it only during the construction phase)
- the amount of additional traffic that is likely to be generated by other activities in the area.

The financial contribution shall be included as a condition on any resource consent required to be obtained.

10.2.8 SEWERAGE

10.2.8.1 Background

The District has installed and maintains public sewerage schemes at:

- Kerepehi
- Ngatea
- Paeroa
- Turua
- Waihi
- Waitakaruru
- Whiritoa

These have been established over a number of years through using a range of funding mechanisms, including loans, general rating, special rating areas and capital contributions. Ongoing maintenance is funded from general rates.

As a result of residential infilling, commercial and industrial developments, changes in technology and the need to meet higher environmental standards, upgrading of the sewerage system (including sewer pipes, treatment plant) may be required. The programme of upgrading proposed by Council is contained in the Services Development Plan, which is presently being prepared.

Council accepts that as upgrading of the sewerage system is required due to factors other than a specific development or subdivision, then the "general" costs of upgrading the system should be borne by the community as a whole (usually on a user for service basis).

However, developments or subdivisions which require an extension or upgrading of the sewerage system outside the responsibility of the community, will be entirely funded by the developer. These would be extensions or upgrading not programmed on the SDP.

The amount of upgrading required will be determined by the degree to which the existing service meets the standard for sewage disposal under Performance Standard 9.3.7.

10.2.8.2 Objectives and Policies

Objective 1

To ensure that the sewerage systems in the towns and townships are provided, upgraded and sustained in a manner that protects the natural environment and the health of the community.

Objective 2

To ensure that the burden of new and upgraded sewerage systems does not fall entirely on the community, but is shared equitably with the developer.

Policies

Objectives 1 and 2 will be achieved by implementation of the following policies:

1. Ensuring that the level of sewerage installation provided, is appropriate for it to fulfil the function demanded of it.
2. Accepting financial contributions from developers in the form of works, services, money or combination of these.

10.2.8.3 Rules

(Refer to Rule 10.2.6 for General Rules).

A. **New Sewerage Works**

The total cost of developing new sewerage reticulation, treatment and/or disposal works required to serve any development or subdivision, shall be met entirely as a cost to the developer.

B. **Upgrading and Extensions of Existing Sewerage Works**

Where any development or subdivision (either within or outside the boundary of any sewerage scheme) will cause the need to upgrade and/or extend an existing sewerage scheme (or part thereof), the financial contribution shall be calculated as the cost of upgrading and/or extending the service to the level set out under Performance Standard 9.3.7, that is directly attributable to the development or subdivision.

10.2.9 WATER SUPPLY

10.2.9.1 Background

Potable water supply is required for public health, commercial and industrial developments, and for the safety of the community.

The District has installed and maintains a number of water supply schemes throughout the District. These have been developed using funding from a number of sources including rates, loans, special rates and Government grants.

Large parts of the rural area are served by rural water supply schemes. There is no requirement to connect into the rural water supply. However, Council wishes to encourage such connections. The rural water supply systems that serve Kerepehi and Waitakaruru are provided to a fully treated standard. The other supply systems are not providing water to that standard.

The urban areas of Waihi and Paeroa are the only towns or townships that have a fully treated water supply system.

Council has a programme of upgrading and extending the water supply systems to serve new areas, increase the quality, quantity, reliability and pressure, and to reduce detriment to the environment from the abstraction of water from the ground, streams and other sources. These extensions and upgrades that are required due to "general" development within the community, are to be funded by the community. The SDP includes a programme of extending and upgrading these supplies. No new supply systems are proposed.

Proposed developments or subdivisions that require an extension or an upgrading of a water supply system will be the entire responsibility of the developer. The amount of extension and upgrading (and hence the financial contribution due) will be determined by the amount of work required to meet the standard in Performance Standard 9.3.9.

10.2.9.2 Objectives and Policies

Objective 1

To protect the health of the residents of the District, and the natural environment, by supplying, extending and upgrading water supply systems in a sustainable manner.

Objective 2

To ensure the burden of supplying water to a development or subdivision does not fall entirely on the community, but is shared equitably with the developer.

Policies for Objectives 1 and 2

Objectives 1 and 2 will be achieved through the implementation of the following policies:

1. Ensuring the appropriate standard of supply is in place for the water supply to meet the demand.
2. Accepting financial contributions in the form of works, services, money or combination of these.

10.2.9.3 Rules

(Refer to Rule 10.2.6 for General Rules).

A. **New Water Supply Works**

The total cost of developing new water supply reticulation, treatment and/or works required to serve any development or subdivision, shall be met entirely as a cost to the developer.

B. **Upgrading and Extensions to Existing Water Supply Systems**

Where any development or subdivision (whether inside or outside the boundaries of the water supply scheme) will cause the need to upgrade and/or extend an existing public water supply scheme (or part thereof), the financial contribution required to be provided shall be assessed as the cost of upgrading and/or extending the service to the level set out under Performance Standard 9.3.9, that is directly attributable to the development or subdivision.

10.2.10 Stormwater and Land Drainage

10.2.10.1 Background

Council installs, extends and maintains a number of stormwater systems in the urban areas, and major land drainage works in the western portion of the District.

These are required to protect land use activities from the effects of flooding, ensure the productivity of the land is not lost, and ensure the disposal of the surface water will not be detrimental to the environment, through either the quality or quantity of the water. These facilities have been developed using funding from a number of sources including rates, loans, special rating and Government loans.

Council has a programme of upgrading and extending stormwater and land drainage systems to serve new areas, increase the efficiency and to reduce detriment to the environment through contamination of water and erosion due to "uncontrolled" stormwater. These extensions and upgrades are required due to general development within the community, and as such are to be funded by the community. The SDP includes a programme of extending and upgrading these services.

Proposed developments or subdivisions that require an extension or an upgrading of a stormwater or drainage system will be the entire responsibility of the developer. The amount of extension and upgrading (and hence the financial contribution due) will be determined by the amount of work required to meet the standards in Performance Standards 9.3.10 and 9.3.20.

10.2.10.2 Policies and Objectives

Objective 1

To protect the health and safety of the people and communities, and the natural environment, by supplying, extending and upgrading stormwater and land drainage systems in a sustainable manner.

Objective 2

To ensure the burden of supplying stormwater and land drainage systems to a development or subdivision does not fall entirely on the community, but is shared equitably with the developer.

Policies for Objectives 1 and 2

Objectives 1 and 2 will be achieved by implementation of the following policies:

1. Ensuring the appropriate standard of supply is provided to meet the demand for stormwater and land drainage.
2. Accepting financial contributions in the form of works, services, money or combination of these.

10.2.10.3 Rules

(Refer to Rule 10.2.6 for General Rules).

A. New Stormwater and Land Drainage Works

The total cost of developing new stormwater and land drainage reticulation and/or works required to serve any development or subdivision, shall be met entirely as a cost to the developer.

B. Upgrading and Extensions to Existing Stormwater and Land Drainage Systems

Where any development or subdivision (whether inside or outside the boundaries of the stormwater or land drainage scheme) will cause the need to upgrade and/or extend an existing public stormwater or land drainage scheme (or part thereof), the financial contribution required to be provided shall be assessed as the cost of upgrading and/or

extending the service to the level set out in Performance Standards 9.3.10 and 9.3.20, that is directly attributable to the development or subdivision.

10.2.11 COMMUNITY RECREATION FACILITIES

10.2.11.1 Background

A. Introduction

The subdivision of land and buildings, regardless of tenure, is fundamentally linked with the development and use of community resources. Opportunities for people and developers to avoid, remedy or mitigate the adverse environmental effects of developments can be achieved by the provision of appropriate public facilities. These facilities include the provision of active and passive reserves, libraries and opportunities for cultural pursuits.

The Hauraki community has in existence a range of facilities which can be used as a measure of the community's desire (and thus an indication of the level of facility required) to avoid, remedy or mitigate the adverse environmental effects which arise from subdivision and subsequent development.

There is within the Hauraki District a high level of "reserve" land held by various means of tenure. The area of "reserve" land held equates to approximately 12.5 hectares per 1,000 population. The Council considers that except in the case of the Eastern Coastline and some identified waterways there will be little need or demand for land acquisition. The demand arising from future growth will be for development of Community Recreation Facilities on the existing reserve land.

The legislation which preceded the Resource Management Act 1991 effectively removed rural properties from the contribution net. The Hauraki District is principally a rural district. The demand on the recreational facilities arising from development comes equally from both the rural and urban sectors of the District. The application of Community Recreational Facilities Contribution rules will apply to Rural and Urban subdivision alike. ("Urban", includes Residential, Town Centre, Township and Industrial zones).

Traditionally contributions have been obtained on the basis of a percentage of land value. This basis has an inherent fault in that it assumes that the issue is land based only. In Hauraki District the Council considers that the demand is principally for development. This demand can be considered on a Ward and District basis as follows:

1. Ward
 - Active Reserves
 - Community Swimming Pools
 - Halls
2. District
 - Passive Reserves
 - Toilets etc on Passive Reserves
 - Libraries

B. Calculation of Contribution

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The community's demand for recreation facilities is related to population. Therefore, projected demand for recreation facilities is directly related to the expected population impact from a subdivision. The existing occupancy rates in the Wards and District can be used as a guide to obtain a level of contribution relevant to the potential impact from a subdivision.

The Community Recreation Facility Contribution applicable to a subdivision or development (eg an additional dwelling) is calculated using the following formula:

$$\text{CRFC} = (\text{WPF} \times \text{WUOR}) \times \text{Z} + (\text{DPF} \times \text{WUOR}) \times \text{Z}$$

where

$$\text{CRFC} = \text{Community Recreation Facility Contribution}$$

$$\text{WPF} = \text{Ward Population Factor} = \frac{\text{Ward Factor}}{\text{Ward Population}}$$

$$\text{DPF} = \text{District Population Factor} = \frac{\text{District Factor}}{\text{District Population}}$$

$$\text{WUOR} = \text{Ward Urban Occupancy Rate}$$

$$\text{Z} = \text{Number of additional lots that can be used for residential purposes}$$

At the time of the 1996 Census, the components of the contribution formula have the values as set out below. These values will be updated immediately after the Census for each five year period.

For the 1996-2001 Census Period, the following figures will apply in calculating a CRFC:

Ward Urban Occupancy Rate	
Plains Ward	= 2.84
Paeroa Ward	= 2.71
Waihi Ward	= 2.61

$$\text{District Population} = 17,320$$

Ward Populations	
Plains Ward	= 4,871
Paeroa Ward	= 5,858
Waihi Ward	= 6,591

$$\text{Ward Factor} = \text{Value of existing Ward recreation facilities (ie structures, buildings, artificial surfaces etc, but excluding land)}$$

Plains Ward	\$2,800,000.00
Paeroa Ward	\$2,680,000.00
Waihi Ward	\$3,950,000.00

$$\begin{aligned} \text{District Factor} &= \text{Value of existing District recreation facilities (ie structures, buildings, artificial surfaces etc, but excluding land)} \\ &= \$1,850,000.00 \end{aligned}$$

(Notes: (1) See attached map showing the Ward boundaries.
(2) See attached Appendix which shows, as an example, the calculation of a contribution required for the creation of an additional residential lot in the Plains Ward).

C. Use of Contributions

Funds obtained from Community Recreation Facilities Contributions may only be expended on projects that are provided for within the Community Recreation Facilities Development Plan (CRFDP).

The CRFDP sets out the recreation facilities (halls, pools, libraries, etc) required by the community on a Ward and District basis for the next ten years. The CRFDP will be monitored on an annual basis, with an updating and review every five years.

As the District is well supplied with recreation land for both active and passive activities, Council will be requiring the financial contribution to be in the form of money. The money collected will accumulate, then be spent on projects that are programmed in the CRFDP. Funds from general rates and other sources will also be allocated through the Annual Plan process, to supplement the contributions obtained.

D. Form of Contribution

All contributions shall be in the form of money, as Council wishes to retain control over the rate and location of spending on recreation facilities.

The only exception to this, is where Council has identified on the Planning Maps, that reserves along the Eastern Coast and some rivers and streams are required to be provided. (Note: Some reserves are presently provided, but additional reserves may be added). Some of these reserves will vest as Esplanade, as part of a subdivision in accordance with Section 230 of the Act. Where the required reserves are in excess of the 20 metre wide Esplanade Reserve, then the CRFC that would be payable in money, shall be taken as the equivalent in land. Any additional land in excess of the Esplanade and CRFC would need to be purchased by Council from the landowner.

Vesting of a 20 metre wide Esplanade Reserve is not considered to be a contribution towards the CRFC, as generally the Esplanade Reserve is taken for "conservation" purposes not recreation.

In the event that Council was unable to afford to pay for the land, then an esplanade strip would be arranged and purchase undertaken at a later date when funds were available.

E. Form of Subdivision or Development Requiring a Contribution

A CRFC will be payable in respect of a subdivision where an additional lot is created that can be used in part or whole for residential purposes (ie where the erection of a dwelling is permitted), and for development in excess of one dwelling unit per allotment.

This applies to all zones. Council considers that for Hauraki District it is the creation of a residential lot that produces the demand for recreation facilities. Most people who work in the District, also live in the District. Therefore, there is no need to provide additional

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recreation facilities as a result of a commercial or industrial development. However, residential development "out of zone" (as a dwelling as an ancillary activity to a commercial or industrial activity), is required to pay a CRFC.

10.2.11.2 Objectives and Policies

Objective 1

To secure the equitable and adequate provision for the capital funding of Community Recreational Facilities required to avoid, remedy or mitigate the effects as a consequence of subdivision and development of land.

Policies

Objective 1 will be achieved by implementation of the following policies:

1. Relating the effect of subdivisions where the construction of residential accommodation is permitted, to the level of recreation facilities identified on a Ward demand.
2. Relating the effect of subdivision where the construction of residential accommodation is permitted, to the level of recreation facilities identified on a District demand.
3. Allowing the offset of land or services provided in accordance with the Community Recreation Facilities Development Plan or land set aside on the East Coast or alongside identified streams and rivers against monetary contributions.
4. Reviewing the basis of the CRFC at not more than five yearly intervals.
5. Ensuring the CRFC is only spent on projects provided for in the Community Recreation Facilities Development Plan.

Objective 2

To provide for the protection and enhancement of public access to and along the coastal marine area and the margins of rivers and streams through requiring the provision of esplanade and other reserves at the time of subdivision.

Policies

Objective 2 will be achieved by implementation of the following policies:

1. Requiring the setting aside of coastal esplanade reserves and strips where appropriate.

Objective 3

To ensure that Community Recreation Facilities Contributions are obtained in an equitable way reflecting the likely demand for facilities arising from the subdivision.

Policies

Objective 4 will be achieved by implementation of the following policies:

1. Charging CRFC at time of subdivision on the basis of one residential unit per additional allotment.
2. Charging a CRFC at the time of building consent, on all residential dwelling units in excess of one per allotment.
3. Charging a CRFC on all developments for other residential purposes as a condition of a resource consent.

Reasons for all Objectives and Policies

1. Pressure on recreation facilities is one effect on the environment that needs to be avoided, remedied or mitigated.
2. The taking of a CRFC on residential subdivision and development is a fair and equitable way in which to share the costs of providing recreation facilities between the developer and the community.
3. The protection of the coast and water margins are Matters of National Importance. The vesting of land is an appropriate way in which to meet the demands of this Matter.

10.2.11.3 Rules

(Refer to Rule 10.2.6 for General Rules).

1. In all zones, where an additional allotment is created, by subdivision and the construction and occupation of a residential dwelling is a permitted activity, a CRFC shall be paid by the developer in accordance with the formula in Rule 5. below.
2. In all zones, where any development is in excess of one dwelling unit per allotment, a CRFC shall be paid by the developer in accordance with the formula in Rule 5. below.
3. In all zones, where a resource consent is granted for a subdivision and/or development for residential purposes, a CRFC is payable for each allotment and/or dwelling unit, in accordance with the formula in Rule 5. below.
4. In all zones where a dwelling is a permitted or controlled activity, a CRFC is payable for each dwelling unit in accordance with the formula in Rule 5. below.
5. The CRFC payable for each allotment or dwelling unit shall be as follows:

Plains Ward

CRFC = $\$1,935.86 \times Z$ (plus GST)
= Ward Contribution of \$1,632.52 and a District Contribution of \$303.34.

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Paeroa Ward

CRFC = \$1,529.26 x Z (plus GST)
 = Ward Contribution of \$1,239.80 and a District Contribution of \$289.46.

Waihi Ward

CRFC = \$1,842.94 x Z (plus GST)
 = Ward Contribution of \$1,564.17 and a District Contribution of \$278.77.

- (Notes: (1) Refer to the attached plan for the Ward boundaries
- (2) Z = either:
- the additional number of lots that can be used for residential purposes as a result of subdivision; or
 - the number of dwellings in a development).
- (3) Refer to Section 10.2.11.1 **B** and the Appendix, which show how the CRFC is calculated for each Ward).

APPENDIX

Example of calculation of a CRFC for one additional residential allotment in the Plains Ward.

$$\begin{aligned}
 \text{CRFC} &= (\text{WPF} \times \text{WUOR}) + (\text{DPF} \times \text{WUOR}) \times 1 \\
 &= \frac{\text{Ward Factor}}{\text{Ward Population}} \times \text{WUOR} + \frac{\text{District Factor}}{\text{District Population}} \times \text{WUOR} \times 1 \\
 &= \frac{2,800,000}{4,871} \times 2.84 + \frac{1,850,000}{17,320} \times 2.84 \times 1 \\
 &= (574.83 \times 2.84) + (106.81 \times 2.84) \times 1 \\
 &= 1,632.52 + 303.34 \\
 &= \$1,935.86 \text{ (plus GST)}
 \end{aligned}$$



Postponement Policy

SECTION 87 POSTPONEMENT OF REQUIREMENT TO PAY RATES

1. A local authority must postpone the requirement to pay all or part of the rates on a rating unit (including penalties for unpaid rates) if –
 - (a) The local authority has adopted a rates postponement policy under section 110 of the Local Government Act 2002; and
 - (b) The ratepayer has applied in writing for postponement; and
 - (c) the local authority is satisfied that the conditions and criteria in the policy are met

 2. The local authority must give notice to the ratepayer –
 - (a) identifying the postponed rates; and
 - (b) stating when, or in the circumstances, the rates will become payable.
-

OBJECTIVE OF THE POLICY

Hauraki District Council does not grant postponed payments.

Liability Management Policy

2.1 PRINCIPLES & PURPOSES

The Local Government Act 2002 contains a number of sections, which impact on the Liability Management Policy. The key sections are noted below.

101(1) PRINCIPLES OF FINANCIAL MANAGEMENT – A local authority must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

104 CONTENTS OF LIABILITY MANAGEMENT POLICY – This section details what is required in the Liability Management Policy.

PART 6 SUBPART 4 BORROWING AND SECURITY – There are a number of sections within this Part of the Act which cover the following:

- Prohibition on borrowing in foreign currency
- Constraints on receiver
- Rates as security
- Register of charges maintained by local authority
- Protected transactions
- The Crown not liable for debts

This policy also addresses a number of key objectives, other than those required purely for legislative compliance.

The following objectives have been identified.

PRUDENCE

Section 101(1) requires Council to be prudent in managing its debt.

Council can achieve this by ensuring long-term financial stability. This is measured by financial ratios.

Prudence can also be achieved by making certain strong control systems are in place. This should ensure that decisions are made by those persons with appropriate skills, at the correct level of responsibility and that policies are complied with.

FLEXIBILITY

Where possible the liability management policy should have sufficient flexibility to permit Council to take advantage of the new regime. This clearly needs to be consistent with other key objectives, e.g. financial prudence.

An inflexible policy may deny Council the opportunity to reduce risk, cost or both.

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Liability Management Policy

RISK

Borrowing exposes the Council to two principal risks:

- Interest Rate Risk – Interest rate risk is the risk that Council will be exposed to changes in market conditions, particularly interest rates, prevailing at any time. It is important to consider this when issuing debt. It will impact on the maturity profile of issued debt and the process of re-financing.
- Credit Risk – This is the risk that a party to a transaction, such as counter-party or a financial intermediary, may not settle a transaction. This risk is minimal where Council is the borrower, as opposed to being a lender or investor.

These risks should be minimised. However it is necessary to recognise there are trade-offs between the reduction of risk and the cost associated with this.

LIQUIDITY MANAGEMENT

Council must ensure that it is able to meet its obligations as they fall due. These include ongoing operational expenditures and the repayment of maturing debt obligations, which are not being re-financed.

This should be achieved through short term and long-term liquidity management.

MINIMISE TOTAL COST OF BORROWING

Minimising the total cost of borrowing is a key objective within the borrowing management policy.

The total cost of borrowing not only includes the interest expense but also advisory fees, transaction costs, internal administrative costs and the commitment of staff resource.

The total of these costs needs to be minimised, rather than focusing on one of the individual items to the exclusion of the others.

The total cost needs to be minimised in the long term.

A key method of minimising the total cost of borrowing is internal borrowing. This enables Council to bypass paying the margin between borrowing and investing interest rates. Internal borrowing also minimises credit risk because Council is investing funds internally rather than with a third party.

POLICIES

INTEREST RATE EXPOSURE - SEC 104(A)

Interest rate exposure arises from movements in interest rates over time and the refinancing that may result in an adverse interest market.

If interest rates are decreasing it may be desirable to have a high percentage of the Council's debt held at a floating interest rate to take advantage of the falling interest rate. Conversely in a period of increasing interest rates it would be better to hold fixed rate debt.

However, it is difficult to form a view of long-term interest rates given the numerous domestic and international influences on our economy.

The only way in which optimal interest rate mixes can be determined is by having the benefit of an accurate projection of future interest rates and movements.

Domestic and international fund managers, and corporate treasury departments are often incorrect in their predictions of future trends in interest rates. Such behaviour from Council's perspective, i.e. forecasting future interest rates, should be regarded as highly speculative.

Exposure to interest rate risk can be reduced by placing debt at a mixture of floating and fixed interest rates. In addition it is appropriate to have a mix of maturity dates so refinancing risk is minimised.

Where core debt is at a low level, say less than \$4 million, it may be difficult to efficiently have a flat maturity profile and/or a mixture of fixed and floating interest rates to ensure interest rate risk is minimised. It may be possible to minimise interest rate risk but potentially suffer from increased transaction and administration costs because of smaller individual debt parcels.

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If current interest rates are substantially lower than that currently being paid by the Council, it may be appropriate to re-finance. Other cost factors, such as the transaction costs of re-financing, must also be considered. If the re-financing involves a substantial portion of the Council's overall debt, special consideration must be given to how it can be made compatible with the Council's overall desired maturity profile.

Using hedging instruments, which include forward rate agreements, interest rate swaps, and interest rate options, can reduce interest rate risk. These should only be used for the purpose of hedging interest rate risk against specific borrowings.

The use of hedging instruments is viewed by some as somewhat risky. There have been a number of instances where financial instruments have been used and significant negative results have resulted. It should be noted that these instances are where the instruments were used in a speculative rather than hedging nature. (E.g. Hammersmith Council in London in the late 80s).

However, the use of hedges to offset risk may be to the Council's advantage. It would be appropriate if the scale of the transaction were such that there is a significant exposure to a prevailing set of interest rates. By entering offsetting interest rate contracts or the use of other sophisticated tools, the dangers associated with any large position can be minimised.

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

If there is absolute certainty of the answers to these two questions, then a hedge is appropriate. It is likely that independent expertise would be sought in planning such a transaction.

Interest Rate Exposure Policies - Sec 104(A)

LMP 1 (a) (Fixed/Floating Interest Rates)

Council should maintain a mix of fixed and floating interest rates either directly via individual debt securities or via alternative debt instruments, e.g. Interest Rate Swaps.

Neither fixed or floating interest rate exposure should exceed 75% after accounting for hedged positions.

LMP 1 (b) (Maturity Profile)

Where possible Council should endeavour to maintain a flat maturity profile with no more than 34%, or \$3 million whichever is higher, of external debt subject to refinancing in any one year.

LMP 1 (c) (Hedging)

Council will only enter into a hedging transaction where it can be clearly demonstrated that

- i) the transaction is to be used to reduce risk associated with an existing position (i.e. it is expressly prohibited to enter into speculative contracts);
- ii) the transaction will reduce risk to Council, by adjusting an undesirable maturity profile or a fixed vs. floating interest rate position;
- iii) the cost of the transaction is exceeded by the reduction in risk.

LIQUIDITY POLICY - SEC 104(B)

There is a need to have a policy that ensures Council has sufficient funds available to meet its immediate cash outflow obligations as they fall due and are payable.

The key factors influencing this policy are prudence, flexibility, minimising total costs and having short term borrowing capacity.

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Liability Management Policy

The 1996 Act specifically provided for short term borrowing in section 122J. The 2002 Act replaced the specific and prescriptive powers previously in place with a general power of competence, specifically in section 12(2):

For the purposes of performing its role, a local authority has—

- (a) full capacity to carry on or undertake any activity or business, do any act, or enter into any transaction; and
- (b) for the purposes of paragraph (a), full rights, powers, and privileges.

Council needs to have strong forecasting systems in place to ensure it minimises the need for borrowing, especially short-term borrowing, and maximises the returns available from the investment of surplus funds.

Liquidity Policy - Sec 104(B)

LMP 2

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

Pursuant to Section 12(2) of the Local Government Act 2002, Council may borrow funds on a short-term basis to provide for efficient and effective cash management. Borrowing under this policy shall be used for the purpose of meeting temporary shortfalls in liquidity and will not be used as a permanent source of funds. (For the purposes of this policy “permanent sources of funds” are those funds borrowed for a term longer than twelve months.

Council delegates responsibility for establishing short-term debt and overdraft facilities and/or the day-to-day management of any Council overdraft facility to the Chief Executive and his staff. The long-term borrowing requirements for any year are approved by the Council

CREDIT RISK POLICY - SEC 104(C)

In any financial transaction, there is a risk that the counter-party may be unable or unwilling to settle the transaction as agreed. This risk is reduced when Council is the borrower as Council would be the settlor of the transaction. However where Council has hedged the transaction there is a need to ensure the party with which the transaction has been placed is capable of settling that transaction.

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

Credit Risk Policy - Sec 104(c)

LMP 3

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

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

to give the Council reasonable certainty that obligations under concluded contracts will be honoured.

DEBT REPAYMENT POLICY - SEC 104(D)

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

LMP 4

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

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

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Where Council has surplus long-term funds these may be used to repay debt if this doesn't compromise other aspects of the liability management policy.

POLICY ON SPECIFIC BORROWING LIMITS - SEC 104(E)

The amount of debt that is raised by Council clearly has implications on Council's overall financial position and future income streams required to fund the debt.

This is fundamentally dictated by the community's ability to pay.

Appropriate limits on total borrowing should be reflected as ratios or dollar limits in terms of income streams, interest expense and debt per assessment.

Policy on Specific Borrowing Limits - Sec 104(e)

LMP 5(a)

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

External Public Debt per Assessment	<=	\$2,000
Net interest-expense Total revenue	<=	10%
Net interest-expense Rates revenue	<=	15%

LMP 5(b)

There are no limits on internal borrowing.

Policy on the Provision of Security Sec 104(f)

In the past Territorial Local Authorities offered the ability to levy a special rate as security to a lender. This afforded the lender significant comfort, i.e. reduced their risk, and interest rates discounted from the retail market could be achieved.

The new regime allows for similar security by way of the ability for a receiver to set a rate to repay any debt owing. It now also allows councils to offer assets as security. It is likely that this form of security would be viewed by the lenders as more risky than special rates. This would imply an increase in the cost of interest to Council. It is unlikely that assets would be offered as security to lenders.

Council should not prevent itself from offering fixed assets as security if this was the most appropriate course of action to take. Recognition needs to be made of the fact that Council is prohibited from giving any form of security over certain classes of land, or over assets held under a trust or endowment.

Policy on the Provision of Security - Sec 104(f)

LMP 6

In general, Council will secure its borrowings against its rates revenue.

Council is prepared to give security over its assets. Before giving security against any assets, Council must be satisfied that doing so is fairly reflected in the cost of borrowing. Comparisons of the cost of borrowing between different alternative borrowing transactions must account for different requirements as to the giving of security.

POLICY ON THE GIVING OF LOAN GUARANTEES

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

It is appropriate to cap the limits on the total to be guaranteed, both overall and to any one organisation.

Monitoring of the guaranteed party is a first step towards limiting the Council's risk. Consideration should be given to requiring notice of any abnormal or extraordinary events that relate to a substantial change in the

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nature, objectives or functions of the guaranteed organisation, or that could affect the ability of the guaranteed organisation to meet its financial obligations. Notice would be required as soon as the event occurred or became reasonably possible to occur.

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

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

Giving of Loan Guarantees Policy

LMP 7

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

The total combined amount Council may guarantee at any one time shall not exceed 10.0% of the general rates levied in any year, and;

The maximum amount Council may guarantee to any one qualifying organisation shall be 5.0% of the general rates levied, except that in special circumstances the limit of 5.0% may be exceeded, and;

Each organisation that Council has provided a loan guarantee shall provide to Council:

- A six-monthly unaudited financial report within 3 months of the first 6 months of the financial year, and;

- An annual audited financial report within 4 months of the balance date, and;
- that the bank lending the money to the qualifying organisation be required to provide Council with a statement each year that shows the principal outstanding at the end of that period and payment made during the year.

POLICY ON INTERNAL BORROWING / INVESTING

Where possible Council will borrow / invest funds internally, so as to minimise its total cost of borrowing while still providing a market rate of return on its investments. Council will also borrow / invest internally to minimise its credit risk. Council may include a margin on borrowings / investments to recover administration costs.

LMP 8(a)

Where at all possible Council will borrow / invest internally rather than externally.

LMP 8(b)

That Council charge interest on internal borrowings equivalent to a market base rate, such as the 90-day bank bill mid rate, or the 1 year fixed interest borrowing base rate plus a basis point margin determined by the Chief Executive.

LMP 8(c)

That Council pay interest on internal investments equivalent to a market base rate, such as the 90-day bank bill mid rate, or the 1 year fixed interest borrowing base rate less a basis point margin determined by the Chief Executive.

Investment Policy

PRINCIPLE & PURPOSE

The investment policy required by legislation is one aimed at formalising existing approaches and ensuring a fresh view is taken in light of the other changes/requirements included within the Act.

There are two main sections of the Local Government Act 2002 that impact on the Investment Policy:

Section 102(4)(c) INVESTMENT POLICY – This section requires every local authority to adopt an investment policy using the special consultative procedure.

Section 105 CONTENT OF INVESTMENT POLICY – This section details what is required in an Investment Policy.

Section 105(a) requires Council to include its objectives in terms of which financial and equity investments are to be managed.

PRUDENCE

Section 101(1) requires Council to be prudent in managing its investments. Council as a responsible corporate citizen and custodian of public funds recognises that it should manage investments in a prudent manner. This will require a risk adverse approach with care to ensure unnecessary risks are avoided.

As for the liability management policy, prudence can be achieved by ensuring that strong control systems are in place. This should ensure that decisions are made by those persons with appropriate skills, at the correct level of responsibility and that policies are complied with.

FLEXIBILITY

Where possible the Investment Policy should have sufficient flexibility to permit Council to take advantage of all the tools and opportunities available. This clearly needs to be consistent with other key objectives, e.g. financial prudence.

MINIMISATION OF RISK AND MAXIMISATION OF RETURNS

These two objectives are effectively opposing forces. It is well documented that investments with low risk enjoy low returns and conversely those investments with high risk carry high returns. Council should seek to maximise returns from a given risk acceptance position, i.e. it is important to establish what degree of risk Council is prepared to accept and then seek to maximise returns.

Prudence requires a degree of conservatism in investments, meaning that the Council should be more risk averse than the average investor. Therefore, it should predominantly invest in low risk, low return investments.

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Investment Policy

LIQUIDITY

It is emphasised in the Liability Management Policy that liquidity management is essential. A key element of this is the timing/matching of investment maturities to expected outflows, eg operating expenditures, project payments and debt retirement.

Given the uncertainty that inevitably surrounds forecasting it is prudent that Council provides some coverage factor for unexpected transactions. This could take the form of a percentage of funds being on call.

When making investment decisions it is important to consider the length of time the investment will be placed for and the liquidity of the investment.

POLICIES

The policy provides a framework within which decisions can be made rather than providing a prescriptive set of criteria that is currently employed for surplus funds management.

General Policy – Sec 105(a)

IP 1

Council as a responsible corporate citizen and custodian of public funds recognises that it should manage investments in a prudent manner. This will require a risk adverse approach and care to ensure unnecessary risks are avoided.

Council aims to maximise its returns in the long term while ensuring risks remain within Council's accepted range.

Disposition of Revenue and Proceeds

Council's most significant investment was its shareholding in Power New Zealand. When the shares were sold the sale proceeds were placed into an Investment Fund.

Council identified a number of key strategic assets, including the Power New Zealand share holding, forestry holdings and leasehold sections held at Waihi Beach. The net proceeds from the sale of these assets was/will be placed into an Investment Fund. (Net proceeds are defined as gross sale proceeds less costs of sale, any accrued debt arising from previous holding costs not previously funded and any rehabilitation costs.)

The Council has determined that in the interests of fairness and equity the Investment Fund benefits should be ascribed to the benefit of all ratepayers. 25% of the fund income will be allocated to funding of projects. 75% will be used to reduce the District General Rate.

Proceeds from the investment of surplus funds are credited to the District General Rate pool. Separate reserve funds are allocated interest at the estimated average rate of return achieved for the financial year.

Asset sale proceeds are generally credited to the fund or activity that provided the funding for the original purchase. Asset sale proceeds could also be credited to funds notified in the resolution approving sale if required or appropriate.

Disposition of Revenue and Proceeds Policy

IP 2

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

- 25% of the income from the Investment Fund will be credited to the District Community Projects Assistance Fund. This fund will be used to assist with the completion of community projects. The Council will allocate the funding on a project-by-project basis.
- 75% of the income from the Investment Fund will be used to reduce the District General rate requirement.

HDC Policies

Investment Policy

- Interest will be credited to separate reserve funds on the basis of the estimated average yield on surplus funds for the financial year less the margin for recovery of overheads.
- In accordance with any resolution of the Council.
- To the Council's general operating revenues.

Net asset sale proceeds will be credited to the fund/activity, which originally provided the funding for the assets original purchase, or to any other fund per Council resolution.

Management and Reporting – Sec 105(d)

Delegated authority to approve investments should rest with the Chief Executive. However, for practical reasons, the power to negotiate such investment needs to be extended.

Operational Procedures will, where possible, ensure that:

- There is clear segregation of duties between the person negotiating treasury arrangements and those authorising treasury arrangements.
- Transactions are made only with approved counterparties.
- Transactions comply with legislative requirements.
- Monthly reconciliation of all cash holdings, surplus funds and investments are completed. These are to be independently reviewed by the Corporate Services Manager.
- That there is close control over daily, weekly and monthly and longer term cashflow projections so that Council's working capital requirements are met.

A quarterly report should be made to Council (for the three month period 30 September, 31 December, 31 March and 30 June each financial year). Included within this report should be details on:

- Investments on hand at the end of the quarter, including the names of counterparties, sums invested with each, terms of each investment, and interest rates being earned;
- The average earnings rate on investments made during the quarter;

- A commentary on movements in interest rates during the quarter and the effect of these on anticipated returns for the financial year. This could include a comparison to interest rates earned over the previous six months.

Management and Reporting Policies- Sec 105(d)

IP 3a

The Chief Executive shall have delegated authority to negotiate and authorise any investment transaction within the approved policy and to be authorised to delegate that authority.

IP 3b

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

Included within this report should be details on:

- Investments on hand at the end of the quarter, including the names of counterparties, sums invested with each, terms of each investment, and interest rates being earned;
- The average earnings rate on investments held during the quarter.

Acquisition of New Investments and Credit Risk – Sec 105(c) and 105(e)

Credit risk, also called default risk, is the risk that a counterparty will not be able to meet interest or principal payments when due.

While this was not so critical in the liability management policy it has greater significance in the investment policy.

The credit risk of issuers can be established via International Credit Agencies such as Moody's and Standard and Poor's. When viewing the ratings supplied by the agencies it is relevant to consider the instruments or debt type being rated.

There are different debt types depending on the security or ranking offered.

HDC Policies

Investment Policy

Credit risk can be reduced by limiting investments to highly rated organisations and diversifying the type and maturity of investments.

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

Acquisition of New Investments and Credit Risk Policy –

Sec 105(c) and 105(e)

IP 4(a)

Credit risk will be minimised by investing only in high quality investments.

For the purposes of this policy, this means that investments will only be acquired that have Standard & Poor's ratings for short term investments of A1 or higher and for long term investments of AA-. Equivalent Moody's ratings may apply.

IP 4(b)

The Council may, in its discretion, acquire investments that depart from IP 4(a) where it considers that the departure would advance its broader social or other policy objectives.

A Council resolution is required to authorise an investment under this provision, and that resolution shall note that it departs from the Council's ordinary policy on credit risk and the reasons justifying that departure.

Return on Investment Sec 105(e)

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

Government stock is regarded as a risk-free investment and as such is the benchmark from which the pricing of other investments is determined.

A higher risk should only be accepted if the expected return is also higher. Although greater returns may be achieved by investing in securities issued by corporate, such as company debentures, the Treasury Manager must always remember that the higher yield represents the extra margin that is generally required to compensate the investor for increased risk.

Returns Policy - Sec 105(e)

IP 5

The expected return on all funds invested should reflect the risk involved, according to the following guidelines:

- If a potential investment carries greater risk than is consistent with the Council's credit risk policy then an investment will not be made, irrespective of the expected returns.
- Where there are two investments of equivalent risk within the Council's risk constraints, the investment with the higher expected return shall be selected.
- If there are two investments of different risks, but both are within the Council's risk constraints, an assessment will be made of the trade-off between the risks and expected returns of the two options. The investment that is considered to be the most attractive for the Council, having regard to prudence, the risks and the expected returns, will be selected.

Liquidity and Duration - Sec 105(b) and 105(e)

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

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

HDC Policies

Investment Policy

The duration of investments can vary from a one-day term, such as call deposits, to a long term, such as 10 years. When investments are less liquid, the maturity or duration of the investment assumes higher significance.

Duration of the investment is not of major significance if the investment is particularly liquid.

Investments should be principally focused on duration, i.e. investment maturities should closely match expected cash outflows.

Often investments have been made on the basis of best return without identifying what ultimate maturity date is required. To invest with a significant degree of certainty requires comprehensive forecasting systems and procedures.

Liquidity and Duration Policy - Sec 105(b) and 105(e)

IP 6

Council's portfolio shall be arranged to provide sufficient funds for planned cash outflows and to otherwise allow the payment of obligations as they fall due.

Individual investments shall be chosen with regard to:

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

Portfolio Diversification - Sec 105(b)

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

Past examples of financial collapse of major companies clearly illustrates the inherent dangers in a high exposure to any one form of investment or single issuer.

However sometimes the cost of diversification may exceed the benefits of diversification by the increased administrative costs and the non-marketability of small parcels that may result.

Investments may be classified into broad risk types - Risk Free, Near Risk Free, and Low Risk Investments. There are others that can be classified as Medium to High Risk investments but these are excluded under this policy (IP 4(a)).

Portfolio Diversification Policy - Sec 105(b)

IP 7

Classes of Investments:

The following will be classes of investments for the purposes of this investment policy:

- Risk-free and near risk-free investments: securities issued or guaranteed by the New Zealand government, local authority stock secured by rates.
- Low-risk investments: the debt of issuers with ratings equivalent to a Standard and Poor's rating of "AA-" or better for long term debt or A1 or better for short term debt.

Investment by class:

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

HDC Policies

Investment Policy

- Near risk-free to risk-free investments: in any one class, up to 100% of the total assets available for investment whether short or long term.
- Low-risk investments: up to 100% of the total if debt purchased is short term, i.e. less than one year, or no more than 60% of the total assets available for investment if the debt is long term, i.e. greater than one year.
- Medium to high-risk investments: nil exposure, subject to specific Council resolution.

Individual investments:

Limits on any one investment shall be as follows:

- Risk-free investments: up to 100% of the total assets available for investment.
- Near risk-free investments: up to 100% of the total assets available for investment.
- Low-risk investments: no more than 50% of the total assets available for investment.
- Medium to high-risk investments: nil exposure, subject to the Council's direction.

Settlement Risk - Sec 105(e)

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

- Appropriate industry standing;
- Financial adequacy; and
- Track record.

Settlement Risk Policy - Sec 105(e)

IP 8

The Council will satisfy itself, in all its investment transactions, that counter-parties:

- Are financially adequate;
- Have an appropriate industry standing; and
- Have an appropriate track record;

in sufficient degree to give the Council reasonable certainty that obligations under contracts will be performed.

Remission of Penalties

SECTION 85 LOCAL GOVERNMENT (RATING) ACT 2002

- (1) A local authority may remit all or part of the rates on a rating unit (including penalties for unpaid rates) if –
 - (a) the local authority has adopted a rates remission policy under section 109 of the Local Government Act 2002; and
 - (b) the local authority is satisfied that the conditions and criteria in the policy are met.
- (2) The local authority must give notice to the ratepayer identifying the remitted rates.

OBJECTIVE OF THE POLICY

The objective of the remission policy is to enable the Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the penalty date.

CONDITIONS AND CRITERIA

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

1. Automatic remission of the penalties incurred on instalment one and two will be made where the ratepayer pays the total amount due for the year on or before the penalty date of the second instalment.
Automatic remission of the instalment penalties incurred during the year will be made where the ratepayer is paying by quarterly, fortnightly, or weekly arranged payments, and all rates owing have been paid by 30 June
2. Proportionate remission of an instalment penalty will be considered where payment has been made in accordance with the following time frame, and provided the ratepayer has a good prior payment history. Good payment history takes into account the occasions when ratepayers have paid previous instalments on time. Penalty proportions remissible are:

- Payment within two weeks of penalty date – 100%
- Payment within four weeks of penalty date – 75%
- Payment within eight weeks of penalty date – 50%
- Payment within twelve weeks of penalty date – 25%
- Payment after twelve weeks of penalty date – 0%

Future penalties may be remitted where a ratepayer makes suitable arrangements for the regular reduction of arrears. Substantial compliance with the payment arrangement is a precondition to penalty remission.

Past penalties may be remitted where a ratepayer has paid all arrears, and has co-operated with Council in taking appropriate steps to reduce the balance outstanding.

Penalties may be remitted where Council is convinced that it would be unfair and unreasonable not to remit the penalties.

3. The Corporate Services Manager has been delegated authority to grant or refuse remissions under this policy.
4. Any appeals against the decision of the Corporate Services Manager will be referred to the Audit Committee for final determination.

Remission of Uniform Annual General Charges on Contiguous Rating Units in Separate Ownership, used jointly as a Single Entity

SECTION 85 LOCAL GOVERNMENT (RATING) ACT 2002

- (1) A local authority may remit all or part of the rates on a rating unit (including penalties for unpaid rates) if –
 - (a) the local authority has adopted a remission policy under section 109 of the Local Government Act 2002; and
 - (b) the local authority is satisfied that the conditions and criteria in the policy are met.
- (2) The local authority must give notice to the ratepayer identifying the remitted rates.

OBJECTIVE OF THE POLICY

The policy is to provide for the possibility of rates remission where two or more uniform annual general charges or targeted rate annual charges are levied on contiguous, separately owned rating units which have the same occupier who is using the rating units jointly as a single property and for a single purpose.

CONDITIONS AND CRITERIA

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

1. The rating units must be contiguous and have the same occupier who uses them jointly as a single property and for a single purpose.
2. The Council may on written application from the ratepayers of such rating units:
 - Remit 50% of the uniform annual general charge assessed on each rating unit apart from the first or principal rating unit;
 - Remit 100% of any targeted rates, where the factor is the rating unit apart from those assessed on the first or principal rating unit.
3. Any remission granted under this policy will be applied equally across all rating units for which an application has been made.
4. The Corporate Services Manager has been delegated authority to grant or refuse remissions under this policy.
5. Any appeals against the decision of the Corporate Services Manager will be referred to the Audit Committee for final determination.

Remission of Excess Water Rates

SECTION 85 LOCAL GOVERNMENT (RATING) ACT 2002

- (1) A local authority may remit all or part of the rates on a rating unit (including penalties for unpaid rates) if –
 - (a) the local authority has adopted a rates remission policy under section 109 of the Local Government Act 2002; and
 - (b) the local authority is satisfied that the conditions and criteria in the policy are met.
- (2) The local authority must give notice to the ratepayer identifying the remitted 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

The Council may remit the excess water rates where the application meets the following criteria:

1. The policy will apply to written applications from ratepayers who have excess water rates due to a fault(s) in the internal reticulation.
2. That all applicants are requested to submit their application within 60 days of the due date of an invoice.
3. That the ratepayer be charged the full charge for the expected consumption.
4. That the consumption in excess of expected consumption be charged at 50% of the standard rate per cubic metre.
5. The Corporate Services Manager has been delegated authority to grant or refuse remissions under this policy.
6. Any appeals against the decision of the Corporate Services Manager will be referred to the Audit Committee for final determination.

Remission of Water Rates to Particular Rating Units

SECTION 85 LOCAL GOVERNMENT (RATING) ACT 2002

- (1) A local authority may remit all or part of the rates on a rating unit (including penalties for unpaid rates) if –
 - (a) the local authority has adopted a rates remission policy under section 109 of the Local Government Act 2002; and
 - (b) the local authority is satisfied that the conditions and criteria in the policy are met.
- (2) The local authority must give notice to the ratepayer identifying the remitted rates.

OBJECTIVE OF THE POLICY

To standardise procedures for the treatment of water rates where an existing agreement has been made between Council and ratepayer(s) for a discounted water rate.

CONDITIONS AND CRITERIA

The Council may remit water rates in excess of the amount agreed between Council and the ratepayer(s) where the rates meet the following criteria:

1. The agreement must have been approved by Council.
2. The ratepayer must have a good prior payment history. Good payment history takes into account the occasions when ratepayers have paid previous instalments of water rates, and other rates, on time.
3. The Corporate Services Manager has been delegated authority to grant or refuse remissions under this policy.

Any appeals against the decision of the Corporate Services Manager will be referred to the Audit Committee for final determination.

Remission of Rates Assessed in Error

SECTION 85 LOCAL GOVERNMENT (RATING) ACT 2002

- (1) A local authority may remit all or part of the rates on a rating unit (including penalties for unpaid rates) if –
 - (a) the local authority has adopted a rates remission policy under section 109 of the Local Government Act 2002; and
 - (b) the local authority is satisfied that the conditions and criteria in the policy are met.

- (2) The local authority must give notice to the ratepayer identifying the remitted rates.

OBJECTIVE OF THE POLICY

To enable the Council to remit rates that have been assessed in error for any rating unit.

CONDITIONS AND CRITERIA

The council may remit rates that have been assessed in error where the application meets the following criteria:

1. Council may remit up to 100% of rates where Council has assessed the rates incorrectly. Council will remit the difference between the incorrect rate and a lesser correct rate.
2. The Corporate Services Manager has been delegated authority to grant or refuse remissions under this policy.
3. Any appeals against the decision of the Corporate Services Manager will be referred to the Audit Committee for final determination.

Remission of Multiple Owned Maori Freehold Land

108. POLICY ON REMISSION AND POSTPONEMENT OF RATES ON MAORI FREEHOLD LAND—

- (1) If a policy adopted under section 102(4)(f) provides for the remission of rates on Maori freehold land, the policy must state—
 - (a) the objectives sought to be achieved by the remission of rates; and
 - (b) the conditions and criteria to be met in order for rates to be remitted.
- (2) If a policy adopted under section 102(4)(f) provides for the postponement of the requirement to pay rates on Maori freehold land, the policy must state—
 - (a) the objectives sought to be achieved by a postponement of the requirement to pay rates; and
 - (b) the conditions and criteria to be met in order for the requirement to pay rates to be postponed.
- (3) For the avoidance of doubt, a policy adopted under section 102(4)(f) is not required to provide for the remission of, or postponement of the requirement to pay, rates on Maori freehold land.
- (4) In determining a policy under section 102(4)(f), the local authority must consider the matters set out in Schedule 11.
- (5) For the purposes of this section, the term "rates" includes penalties payable on unpaid rates.

OBJECTIVES OF THE POLICY

- To recognise situations where there is no occupier or no economic or financial benefit being derived from the land.
- Where part only of a block is occupied to grant remission for the portion of land not occupied.
- Where the owners cannot be found, to take into account the statutory limitation of time for the recovery of unpaid rates.

CONDITIONS AND CRITERIA

- The land must be multiple-owned and unoccupied Maori freehold land that does not produce any income.
- A request for rates remission by the owners must include:

- Details of the land;
- Documentation that shows the ownership of the land; and
- Reasons why remission is sought
- Where after due enquiry the owners of an unoccupied block cannot be found, the Council may apply a remission without the need for a request.
- If circumstances change in respect of the land, the Council will review whether this remission policy is still appropriate to the land.
- The Corporate Services Manager has been delegated authority to grant or refuse remissions under this policy.
- Any appeals against the decision of the Corporate Services Manager will be referred to the Audit Committee for final determination.

Remission of Wastewater Rates Assessed on Educational Establishments

CLAUSE 6, PT 1, SCHEDULE 1 LOCAL GOVERNMENT (RATING) ACT 2002

Land owned or used by, and for the purposes of,—

- (a) a special school established under section 98(1) of the Education Act 1964:
- (b) an educational establishment defined as—
 - (i) a state school under section 2(1) of the Education Act 1989:
 - (ii) an integrated school under section 2(1) of the Private Schools Conditional Integration Act 1975:
 - (iii) a special institution under section 92(1) of the Education Act 1989:
 - (iv) an early childhood centre under section 308(1) of the Education Act 1989, excluding any early childhood centres that operate for profit:
 - (v) a school under section 35A of the Education Act 1989, excluding any registered schools that operate for profit:

SECTION 85 LOCAL GOVERNMENT (RATING) ACT 2002

- (1) A local authority may remit all or part of the rates on a rating unit (including penalties for unpaid rates) if –
 - (a) the local authority has adopted a rates remission policy under section 109 of the Local Government Act 2002; and
 - (b) the local authority is satisfied that the conditions and criteria in the policy are met.

(2) The local authority must give notice to the ratepayer identifying the remitted rates.

OBJECTIVES OF THE POLICY:

The objective of the remission policy is to enable the Council to remit wastewater rates assessed on educational establishments to the extent that they exceed Council's roll-based formula.

CONDITIONS AND CRITERIA

Where a rating unit comprises an educational establishment as defined above, Council may remit any wastewater rates in excess of:

1. The rates that would have been charged if the number of water closets/urinals was equal to one water closet/urinal per twenty students or staff, or part thereof.
2. The Corporate Services Manager has been delegated authority to grant or refuse remissions under this policy.
3. Any appeals against the decision of the Corporate Services Manager will be referred to the Audit Committee for final determination.

Rates Remissions – Natural Disasters and Emergencies

SECTION 85 LOCAL GOVERNMENT (RATING) ACT 2002

Remission of rates—

- (1) A local authority may remit all or part of the rates on a rating unit (including penalties for unpaid rates) if—
 - (a) the local authority has adopted a [rates remission policy under section 109 of the Local Government Act 2002]; and
 - (b) the local authority is satisfied that the conditions and criteria in the policy are met.
 - (2) The local authority must give notice to the ratepayer identifying the remitted rates.
-

OBJECTIVES OF THE POLICY

This policy is to provide for the possibility of rates remission where a form of natural or other type of natural disaster or emergency affects one or more rating units capacity to be inhabited, used or otherwise occupied for an extended period of time.

CONDITIONS AND CRITERIA

- The Council may on written application from the ratepayer of rating units affected by a natural disaster or emergency.
- Remit up to 100% of rates levied.
- Council may consider voiding the need for an application and grant remission for any rating unit, or group of rating units collectively, affected by a natural disaster or emergency.
- Each application will be considered on its merits.
- Applications for remission under this policy will be considered and approved or rejected by a full meeting of Council.

Rates Remissions - Rating of Low Value Land Units

SECTION 85 LOCAL GOVERNMENT (RATING) ACT 2002

Remission of rates—

- (1) A local authority may remit all or part of the rates on a rating unit (including penalties for unpaid rates) if—
 - (a) the local authority has adopted a [rates remission policy under section 109 of the Local Government Act 2002]; and
 - (b) the local authority is satisfied that the conditions and criteria in the policy are met.
- (2) The local authority must give notice to the ratepayer identifying the remitted rates.

OBJECTIVES OF THE POLICY

The introduction of the Local Government (Rating) Act 2002 requires each separate title to have a separate valuation/rating unit. This has resulted in many low capital value rating units being created.

- The objective of this policy is to provide relief from uniform annual charges on rating units that have low valuations.

CONDITIONS AND CRITERIA

- The Council may on written application from the ratepayer of rating units with a capital value less than \$5,000:
- Remit 100% of all targeted rates where the factor is the rating unit, other than the Uniform Annual General Charge or any rates levied

under section 9 of the Local Government (Rating) Act 2002 (that is, targeted rates for water supply, sewage disposal or waste collection).

- Rating Units that qualify for the Remission of Uniform Annual General Charges on Contiguous Rating Units shall have that remission policy applied and will not qualify for remission under this policy.
- The applicant must renew the application for remission every three years.
- Where there is a change of ownership of the rating unit the new owner must make a separate application for remission.
- The Corporate Services Manager has been delegated authority to grant or refuse remissions under this policy.
- Any appeals against the decision of the Corporate Services Manager will be referred to the Audit Committee for final determination.

Rates Remissions – Voluntarily Protected Land

SECTION 85 LOCAL GOVERNMENT (RATING) ACT 2002

Remission of rates—

- (1) A local authority may remit all or part of the rates on a rating unit (including penalties for unpaid rates) if—
 - (a) the local authority has adopted a [rates remission policy under section 109 of the Local Government Act 2002]; and
 - (b) the local authority is satisfied that the conditions and criteria in the policy are met.
- (2) The local authority must give notice to the ratepayer identifying the remitted rates.

OBJECTIVES OF THE POLICY

This policy is to encourage and promote the conservation and protection of land.

CONDITIONS AND CRITERIA

- Each application will be considered on its merits
- To qualify for remission under this part of the policy a rating unit or part of the Rating Unit must be the subject of a QE11 Open Space Covenant, similar DOC Covenant (in which case 100% remission of all rates will apply), or the likes of a DOC Management Agreement under the Reserves Act or Conservation Act (in which case 50% remission of some or all rates may apply), or directly covenanted with Council and not be receiving any other form of rating relief.
- Other matters taken into account in determining whether a rating unit qualifies for remission will include:
 - a) The degrees to which significant natural features worthy of conservation and protection are present on the land;
 - b) The degree to which such significant natural features inhibit the economic utilization of the land;
 - c) The extent to which to conservation and protection of such significant natural features would be promoted by the remission of rates;
 - d) The ability or potential of the public to enjoy the significant natural features.
- Applications must be in writing, supported by documentary evidence of the protected status.
- The remission will only apply to the area of land protected.
- The Corporate Services Manager has been delegated authority to grant or refuse remissions under this policy.
- Any appeals against the decision of the Corporate Services Manager will be referred to the Audit Committee for final determination.

Rates Remissions- Rating of Community, Sporting and Other Organisations

SECTION 85 LOCAL GOVERNMENT (RATING) ACT 2002

- (1) A local authority may remit all or part of the rates on a rating unit (including penalties for unpaid rates) if –
 - (b) the local authority has adopted a remission policy under section 122XA of the Local Government Act 1974; and
 - (c) the local authority is satisfied that the conditions and criteria in the policy are met.
- (2) The local authority must give notice to the ratepayer identifying the remitted rates.

OBJECTIVES OF THE POLICY

- To assist organisations providing non-business community and recreational services which meet the needs of residents.
- To make membership of such organisations 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:

- Land is owned by the Council, or owned and occupied by a charitable organisation, and is used exclusively or principally for sporting, recreation, or community purposes.
- Land would qualify as 50% non rateable per clause 2, Part 2 Schedule 1 of the Act except for the existence of a club licence issued under the Sale of Liquor Act 1989. In this instance the rate remission will not exceed the amount which would produce a rating impact equivalent to that which would have applied had the land been 50 percent non rateable.

- The policy will not apply to organisations operated for private pecuniary profit, or which charge commercial tuition fees.
- 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.
- The policy shall apply to such organisations as approved by the Corporate Services Manager and the Community Services Manager as meeting the relevant criteria.
- The extent of any remission to any qualifying organisation shall be as determined by the Corporate Services Manager and the Community Services Manager. No remission will be granted in respect of those rates referred to in section 9 of the Local Government (Rating) Act 2002 (that is, targeted rates for water supply, sewage disposal or waste collection).
- The Corporate Services Manager has been delegated authority to grant or refuse remissions under this policy.
- Any appeals against the decision of the Corporate Services Manager will be referred to the Audit Committee for final determination.