

Proposing the Thames-Coromandel District Council's:

Long-term Council Community Plan 2006-2016

Adopted by Council for Public Notification on 28 June 2006

Volume 2





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As a requirement of the Local Government Act 2002, this document has been audited by Audit New Zealand. The full opinion can be found in Volume One.

Funding and Financial Policies

Revenue and Financing Policy

Liability Management Policy

Investment Policy

Rates Relief Policy

Revenue and Financing Policy

1. Background

The statutory requirements relating to the development of a revenue and financing policy are detailed in Part 6 of the Local Government Act 2002 (the "Act").

Under section 102 of the Act, local authorities are required to adopt a range of financial policies, including a revenue and financing policy, "in order to provide predictability and certainty about sources and levels of funding". Section 103 deals with the specific requirements for a revenue and financing policy. It reads as follows:

103 Revenue and financing policy

- (1) A policy adopted under section 102(4)(a) must state-
 - (a) the local authority's policies in respect of the funding of operating expenses from the sources listed in subsection (2); and
 - (b) the local authority's policies in respect of the funding of capital expenditure from the sources listed in subsection (2).
- (2) The sources referred to in subsection (1) are as follows:
 - (a) general rates, including –
 - (i) choice of valuation system; and
 - (ii) differential rating; and

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

- (3) A policy adopted under section 102(4)(a) must also show how the local authority has, in relation to the sources of funding identified in the policy, complied with section 101(3).

Section 101 (3) of the Act details the factors that Council must consider in choosing between the various funding sources identified in section 103 (2). It reads as follows:

101 Financial management

- (3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of, -
 - (a) in relation to each activity to be funded, -
 - (i) the community outcomes to which the activity primarily contributes; and
 - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
 - (iii) the period in or over which those benefits are expected to occur; and
 - (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and

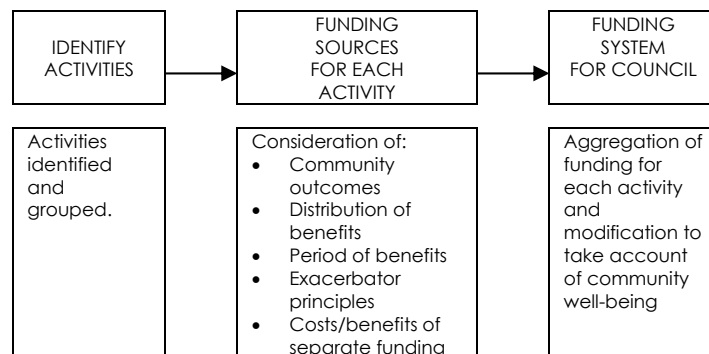
Revenue and Financing Policy

- (v) *the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and*
- (b) *the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.*

Implicit within the above provisions are three key steps to the development of a revenue and financing policy. These are:

- the identification of activities;
- the application of considerations relevant to each activity (refer section 101(3)(a)) leading to a proposed selection of funding mechanisms and quantum to be funded from each tool for each activity; and
- consideration of the overall impact of the proposed selection of funding mechanisms for all activities on the social, economic, environmental and cultural well-being of the community, and if necessary modification.

The diagram below demonstrates these three steps:



In developing this policy Council has identified some 31 activities that are each considered separately.

The factors to be considered in relation to each activity can be described as follows:

- *the community outcomes that the activity contributes to* - the selection of revenue and financing mechanisms for a particular activity should not work against the achievement of community outcomes. Rather Council needs to have regard to the outcomes to be derived from its involvement in the activity;
- *the distribution of benefits* - Council is required to consider who benefits from the activity (be they individuals, groups of individuals or the community generally). A key part of the analysis required under this factor relates to consideration of the relative level of benefits associated with each activity;
- *the period over which benefits occur* – Council needs to consider not only who benefits from the activity now, but also who will benefit from the activity in the future. The 'long' economic life of many fixed assets suggests that future ratepayers should also meet a share of the cost of these services;
- *the exacerbator pays principle* – Council needs to consider whether there are parties whose action or inaction gives rise to the need for particular expenditure on an activity;
- *the costs and benefits of funding the activity in a different manner to the way other activities are funded* – this requirement includes an assessment of the cost efficiency of funding an activity using its own specific funding tool (eg a targeted rate) as opposed to combining the funding with other activities. Inevitably, the consideration of costs and benefits in relation to the possible use of any particular funding tool includes an assessment of the practicability of the use of a separate funding tool.

The Act gives no greater emphasis to any one of the above factors and Council is entitled to consider how much weight it gives to any, or all, of the factors. Council has therefore been careful to consider each in turn as evidenced in the activity analysis included in this policy.

2. Issues

During the review of this policy Council considered the following matters but resolved not to change, or include, any provisions within the policy:

- a) Discount for early payment of rates
Council considered the amount of discount it could offer, without other ratepayers generally subsidising the discount, would be so small as to provide no incentive to pay early. It therefore declined to have a policy on this issue.
- b) Payment options
The options to pay rates with credit cards was not accepted on the basis that ratepayers other than those using credit cards would be contributing towards the cost of credit card company commissions.

3. Strategic Alignment

The development of the various policy statements aligns with Council's strategy to establish a high-performing organisation with a focus on customer service, prudent financial management, quality processes, and a skilled and motivated workforce.

4. Implementation

All the policies contained in this document will be effective from 1 July 2006.

5. Risks

The key risk to Council is a challenge to these policies, and if it was found that the process in developing the policy was faulty, or the decisions made were unreasonable, then Council's ability to collect its required revenue would be at risk.

6. Measurement and Review

This policy will be reviewed as part of the next Long-term Council Community Plan scheduled for adoption in June 2009.

7. Policy Statements

7.1 General Policies

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

Section 103(2):

- (a) The general rate is to be applied to funding any benefits that are consumed by the whole community, district-wide. In so doing, Council acknowledges that a rate based on property value does not match ability to pay but is the only option available under current legislation. This policy applies to both operating expenses and, where Council considers appropriate, capital expenditure.
- (a)(i) The valuation system to be used for assessing the general rate is land value. This applies to assessing the general rate to fund both operating expenses and capital expenditure.
- (a)(ii) The differentials to be applied to the general rate are:
 - off-shore islands – unused, a differential of 0.1 will apply on the basis that these islands consume no, or very little, benefits.

Revenue and Financing Policy

- off-shore islands – used, a differential of 0.5 will apply on the basis that these communities have less opportunity to consume benefits than communities on the mainland.
- farming and horticultural, a differential of 0.6 will apply to encourage the continued use of these rating units for farming and horticultural purposes.
- all rating units other than off-shore islands and farming and horticultural will attract a differential of 1.0.

These differentials apply to the general rate to fund both operating expenses and capital expenditure.

- (a)(iii) A uniform annual general charge is to be applied to each separately used or inhabited part of each rating unit in the district. This is to be used to fund benefits, in any activity of Council where the benefits are consumed district-wide, and a fixed charge is deemed to be more appropriate than one based on property values. This policy applies to both operating expenses and, where Council considers appropriate, capital expenditure.
- (b) Targeted rates will be determined using the mechanisms provided in Schedule 2 and 3 of the Local Government (Rating) Act 2002, as Council deems appropriate, to fund either operating expenses and/or capital expenditure.
- (c) Council will apply user fees and charges to fund operating expenses of an activity where the beneficiaries can be identified and charged. Council can at its discretion decline to recover any or all operating costs from such fees and charges. Council will also apply user fees and charges to fund capital expenditure if appropriate. This is normally done to service loan repayments.

- (d) Council uses interest and dividends from investments to reduce the requirement to raise general rates. In as much as the general rate funds both operating expenses and capital expenditure, then so do interest and dividends from investments.
- (e) Council will only fund operating expenses from borrowing when it is prudent to do so by alleviating the need to fund in one year an abnormal spike in expenses. Council will fund any capital expenditure it deems appropriate to be funded by borrowing. The application of debt will only be applied after other available sources of funds are exhausted. Council will not use borrowing to fund capital loan repayments unless refinancing a major loan.
- (f) Proceeds from asset sales will only be used to fund capital expenditure after any debt related to the asset disposed has been retired. Proceeds from assets sales will not be used to fund operating expenses unless Council considers it prudent financial management to do so.
- (g) Council will use funds from development contributions to fund capital expenditure in accordance with Section 204(1)(a) of the Local Government Act 2002. Council will not use funds from development contributions to fund operating expenses in compliance with Section 204(1)(b) of the Local Government Act 2002.
- (h) Council will use funds from financial contributions to fund capital expenditure in accordance with the Resource Management Act 1991. Council will not use funds from financial contributions to fund operating expenses.
- (i) Grants and subsidies received by Council will be applied to the purposes for which they are received, either funding operating expenses, or

capital expenditure, as appropriate in each individual case.

- (j) Lump sum contributions will only be used to fund the retirement of debt for specific capital activity as determined by Council from time to time. Lump sum contributions will not be used to fund operating expenses.

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

7.2 Fees and Charges

Council proposes to use the following fees and charges to fund activities. The actual dollar amount of the fees can be found in the fees and charges appendix in the Long-Term Council Community Plan.

- Airfields - landing and domiciliary charges
- Building Inspections - charges for inspections and code compliance certificates
- Cemeteries - plot purchases, interment and other fees
- Consents - building consent fees
 - resource consent fees
- District Plan - plan maps
- Dog Control - registration and impounding fees, infringement fees for unregistered dogs
- Engineering Code of Practice - charge for code of practice document
- Halls - hire of premise and various chattels
- Harbours - wharfage, launching, parking, and marine farming fees
- Health Licences - food premises, mobile shops, and sundry licences
- Land Information Memoranda - issue fees
- Libraries - fines, subscriptions and internet fees

- Miscellaneous Charges - photocopying, plan prints and aerial photographs
- Monitoring - investigation, administration and engineering fees
- Refuse Bags - official refuse bags
- Requests for Official Information - fees in accordance with Ombudsman guidelines
- Swimming Pools - admission fees and pool hire charges
- Transfer Stations - general waste and greenwaste charges
- Water and Wastewater Headworks - contributions

7.3 Categories of Rates to be Set

7.3.1 General Rate, Rateable Value and Categories for Differentials

Objective

To enable Council to set a district general rate in accordance with principles laid down in this policy.

Policy Statement

The district general rate is to be set on the land value of all rateable land in the District. The general rate is to be set differentially. The differential is to be applied based on the use to which the land is put, and activities proposed to be permitted, controlled, or discretionary within any operative district plan for the time being in force in the Thames-Coromandel District. Categories of land use are as follows:

- a) Farming and Horticultural
- b) Rural Other
- c) Industrial and Commercial
- d) Commercial Forestry
- e) Residential
- f) Off-shore Islands (used)
- g) Off-shore Islands (unused)

The district general rate is used to fund activities as set out later in this policy.

Definitions

Farming and Horticultural means:

- all property that is categorised within the district valuation roll as Arable, Dairying, Pastoral, Specialist¹ or Horticulture where the ratepayers income or a substantial part thereof, is derived from the use of the land for such purpose or purposes, except for those properties which are expressly defined under Commercial Forestry, or Offshore Islands (used).

Rural Other means:

- all property that is zoned as 'Rural' or 'Coastal' within any operative district scheme, except those properties which are expressly defined under Industrial and Commercial, Farming and Horticultural, Commercial Forestry, Offshore Islands (used) or Residential.

Industrial and Commercial means:

- all property that is used for commercial and/or industrial purposes other than property defined as Farming and Horticultural or Commercial Forestry. Such property will include any business or entity engaged in or relating to retail or wholesale trade, tourist services, manufacturing, marketing, service industries, offices, depots, yards, parking areas of buildings, cool stores and freezers, taverns, restaurants, motels, hotels, rest-homes, medical services, mining activity and commercial nurseries, whether operated for private pecuniary profit or not
- any property other than property defined as Farming and Horticultural or Commercial Forestry or not expressly listed under Industrial and Commercial, where activity is carried out for private pecuniary profit

¹Specialist – Aquaculture including all types of Fish Farming, Deer farming, Horse studs and training operations, Poultry, Pigs and all other specialist livestock

- vacant or idle land, being property zoned as 'Town Centre', 'Gateway Zone', 'Pedestrian Core', 'General Activities' within any operative district plan for the time being in force in the Thames-Coromandel District.

Commercial Forestry means:

- all property that is used for production forestry purposes by a ratepayer whose income or a substantial part thereof, is derived from the use of the land for such purposes.

Residential means:

- all property that is used or is capable of being used for occupation as a residence of one or more household units other than property defined as Industrial and Commercial, Farming and Horticultural, Rural Other, and Commercial Forestry and including dwellings, home units, flats, baches maisonettes and terrace houses
- community use land, being property that is used for the purpose of public schools, public hospitals, churches, cemeteries, private and public halls, recreation areas, sports clubs, sports grounds, art galleries and museums, kindergartens, playcentres and private clubs where the use of the land is an activity not engaged for private pecuniary profit
- vacant or idle land, being property zoned as 'Housing' or 'Waterfront' within any operative district plan for the time being in force in the Thames-Coromandel District.

Off-shore Islands (used) means:

- those islands within the District that are used or inhabited, including assessments numbered 04791/00100, 04791/00200, 04791/01500, 04962/00200 and 04791/01400.

Off-shore Islands (unused) means:

- those islands within the District which are substantially unused or uninhabited.

7.3.2 Uniform Annual General Charge

Objective

To enable Council to set a district-wide uniform annual general charge in accordance with principles laid down in this policy.

Policy Statement

The district uniform annual general charge is to be set at a fixed amount per separately used or inhabited part of every rateable rating unit in the District.

The district uniform annual general charge is used to fund activities as set out later in this policy.

7.3.3 Targeted Rates, Rateable Value and Categories for Differentials

Objective

To enable Council to set targeted rates in accordance with principles laid down in this policy.

7.3.3.1 Targeted Rate for Solid Waste Collection and Recycling

Background

Solid waste collection and recycling is a district function operated by a district-wide contract for collection and disposal and operation of refuse transfer stations.

The number of collections vary among the five communities of Council due to the high incidence of holiday homes in certain localities. For this reason Council has proposed that a differential charge apply using the number of collections in each community as a basis for allocating the costs associated with refuse collection and its disposal.

Policy Statement

A targeted rate for solid waste collection and recycling is to be set as a charge per separately used or inhabited part of every rating unit in the District which is provided with a collection service.

This charge will be set on a differential basis based on location, with the categories of location being each of the five communities in the District.

7.3.3.2 Targeted Rate for Moanataiari Flood Protection Loan

Background

The construction of the Moanataiari flood protection works was completed in the 1997/1998 year. Half the costs of the work was funded from Council reserves and the balance funded by loan.

A lump sum offer was made to properties in the defined area of benefit to repay the loan.

The targeted rate for the loan charge is set against those properties in the area of benefit which did not elect to pay a lump sum.

Policy Statement

A targeted rate for the Moanataiari flood protection loan is to be set as a fixed charge on every rating unit in the area of benefit for which no election was made to pay a lump sum contribution.

7.3.3.3 Targeted Rate for Pitoone Investigation Area

Background

An area of possible land instability within a subdivision was brought to Council's attention in October 1997.

This area which is known as "Pitoone" is defined on a map and consists of 69 rating units.

Investigations were carried out which were financed by loan. Council offered lump sum options in 2005/06 as an alternative to loan charges.

Policy Statement

A targeted rate for Pitoone investigation loans is to be set as a fixed charge on every rating unit in the defined investigation area for which no election was made to pay a lump sum contribution.

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7.3.3.4 Targeted Rates for Land Drainage

Background

Council administers three land drainage schemes: Hikutaia/Wharepoa, Matatoki and Kopu. These areas are defined on maps.

Policy Statement

A separate targeted rate is to be set for land drainage on each rating unit in the following designated land drainage areas, as a rate in the dollar on land value:

Hikutaia/Wharepoa
Matatoki
Kopu

7.3.3.5 Targeted Rates for Local Works and Services

Background

This policy indicates a number of activities which in the main benefit ratepayers at a local (community) level. It also indicates that a portion of this funding should come from a community-based rate in the dollar on land value while the proxy for users charges (where user charges cannot be made directly to the user) should be made by way of a fixed charge within each community.

Policy Statement

Two targeted rates are to be set in each community of the District for the purposes of funding local works and services.

The first is to be set as a fixed amount per separately used or inhabited part of every rateable rating unit in each community, except for rating units designated industrial/commercial, and, commercial forestry in Council's rating information database.

The amount will be set per rating unit for rating units designated industrial/commercial, and, commercial forestry, in Council's rating information database.

The second is to be set as a rate in the dollar on land value on every rateable rating unit in each community. It will be set on a differential basis using the following categories of land use:

- a) Farming and Horticultural
- b) Rural Other
- c) Industrial and Commercial
- d) Commercial Forestry
- e) Residential
- f) Off-shore Islands (used)
- g) Off-shore Island (unused)

7.3.3.6 Targeted Rates for Wastewater Disposal

Background

Wastewater schemes are funded by setting rates as fixed amounts across the District. Council has for some years used the "pan" basis for charges for connected rating units while making a half charge for properties within the area of service which are not connected.

The special wastewater rate for schools that was levied in the 2002/2003 year is managed through the remission policy.

Policy Statement

A targeted rate for wastewater disposal is to be set as a charge per separately used or inhabited part of a rating unit, based on the number of water closets and urinals in each part, within the District.

This charge will be set on a differential basis based on the use to which the land is put (commercial or residential) and the availability to the land of the service provided.

A rating unit (or part of a rating unit) used primarily as a residence for one household will not be treated as having more than one water closet or urinal.

7.3.3.7 Targeted Rates for Wastewater Loan Charges (excluding Cooks Beach existing users)

Background

In some instances, Council has offered lump sum options as an alternative to loan charges for major capital programmes within wastewater schemes. Where this occurs and ratepayers do not elect to take up the options, a loan charge is made to service the loan.

Policy Statement

A targeted rate for wastewater loans is to be set as a fixed charge on every rating unit in the area of benefit for which no election was made to pay a lump sum contribution.

7.3.3.8 Targeted Rates for Wastewater Loan Charges Cooks Beach Existing Users

Background

This policy indicates that the loan raised to construct the scheme for existing properties (as distinct from future subdivisions) will be funded on a "per pan" basis.

This requires the loan charge to be set on a differential basis.

Policy Statement

A targeted rate for the Cooks Beach wastewater existing users loan is to be set as a charge per separately used or inhabited part of a rating unit, based on the number of water closets or urinals in each part, in the area of benefit, for which no election has been made to pay a lump sum contribution.

The charge will be set on a differential basis based on the use to which the land is put (commercial or residential) and the availability to the land of the service provided.

A rating unit (or part of a rating unit) used primarily as a residence for one household will not be treated as having more than one water closet or urinal.

7.3.3.9 Targeted Rates for Stormwater

Background

Each community within the District operates an activity for stormwater dispersal. The properties which fund this activity are contained within urban areas defined by Community Boards.

In the case of the Tairua/Pauanui community, two areas have been defined and a separate charge made against each of Tairua and Pauanui.

Policy Statement

A targeted rate for stormwater is to be set as a fixed charge on every rating unit within the following urban stormwater areas as defined by Community Boards:

Thames
Coromandel
Mercury Bay
Tairua
Pauanui
Whangamata

7.3.3.10 Targeted Rates for Rural Water Supplies

Background

Council operates three rural water supplies at Omahu, Puriri and Matatoki. Omahu and Puriri are combined for rating purposes under the title Thames Valley.

Charges are based on a mix of per property and per hectare, availability of the service and in the case of Thames Valley, several special categories of properties eg halls, hotels, piggeries, etc.

Policy Statement

A targeted rate for the supply of water is to be set on every rating unit within the defined areas of Thames Valley and Matatoki water supplies. The rate will be set on a differential basis based on the use to which the land is put, the area of land within each rating unit and the availability to the land of the service provided.

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7.3.3.11 Targeted Rates for Urban Water Supplies (not metered)

Background

Urban water supplies (not metered) are funded scheme by scheme by setting rates as fixed amounts on each individual scheme. A half charge is made on properties within the area of service which are not connected.

Schemes falling within this category (not metered) include Tairua, Matarangi, Hahei, Onemana and Whangamata.

Policy Statement

A targeted rate for water supply, in unmetered schemes, is to be set as a charge per separately used or inhabited part of a rating unit in each unmetered water supply in the District.

The charge will be set on a differential basis on the availability to the land of the service provided.

7.3.3.12 Targeted Rates for Urban Water Supplies (metered or partially metered)

Background

Urban water supplies (metered) are funded scheme by scheme by setting rates based on volume supplied and a fixed charge. The fixed charge applies to both properties connected to the scheme which are metered, and to properties within the area of service that are not connected. Schemes falling within this category are: Thames, Coromandel and Pauanui.

In one scheme (Whitianga) only the commercial area is metered. These properties receive a fixed charge equal to half the full charge for unmetered properties as well as a volume charge. Properties within the area of service that are not connected receive a half charge.

Policy Statement

A targeted rate for water supply in metered schemes is to be set based on the volume of water supplied through each meter installed.

A targeted rate is also to be set as a charge per separately used or inhabited part of a rating unit in each metered water supply in the District.

The charge will be set on a differential basis based on the availability to the land of the service provided and where any limits or conditions apply (connected but no meter installed).

7.3.3.13 Targeted Rate for Water Supply Loan Charges

Background

In some instances, Council has offered, or intends to offer, lump sum options as an alternative to loan charges for major capital programmes within water supplies. Where this occurs and ratepayers do not elect to take up the option, a loan charge is made to service the loan.

Policy Statement

A targeted rate for water supply loans is to be set as a fixed charge on every rating unit in the area of benefit, for which no election is made to pay a lump sum contribution.

7.3.3.14 Targeted Rate for Economic Development

Background

This policy provides for 60% of funding required for economic development to be provided from a targeted rate set at a rate in the dollar on the value of improvements of certain groups of property.

Economic development includes grants to Tourism Coromandel and information centres, together with funds for district promotions and the regional partnership programme.

Policy Statement

A targeted rate for economic development is to be set as a rate in the dollar, on the value of improvements, of every rating unit in the district which is designated industrial/commercial, commercial forestry, farming and horticultural, and rural other, in Council's rating information database.

7.3.3.15 Targeted Rate for Roading and Building Control

Background

This policy provides for 35% of roading and 15% of building consents and inspections to be funded from a targeted rate set on the capital value of all property within the district.

Policy Statement

A targeted rate for roading and building consents and inspections is to be set as a rate in the dollar on capital value on every rateable rating unit in the district.

7.3.4 Targeted Rates for Water Supplied by Volume

Background

Water-by-volume is a targeted rate. Council has determined that in the main, the same policy should apply to targeted rates for water-by-volume as for all other rates with the exceptions listed in the policy statement which follows.

Policy Statement

Targeted rates for water set under section 19 of the Local Government (Rating) Act 2002 are aligned with other rating policies except that:

- a) such a rate should have its own remission policy (except for penalties); and
- b) instalments should be two per annum; and
- c) the due dates of instalments are as follows:

Pauanui	10 December and 20 May each year
Thames	20 January and 30 May each year
Coromandel	30 January and 10 June each year
Whitianga	30 January and 10 June each year

7.3.5 Separately Used or Inhabited Parts of a Rating Unit

Background

Under the Local Government (Rating) Act 2002 charging separately used or inhabited parts of a rating unit is an option for both a uniform annual general charge and for targeted rates.

The following are examples of where there may be application of multiple charges for separately used or inhabited parts of a rating unit:

- a) single dwelling with flat attached
- b) two or more houses, flats or apartments on one certificate of title (rating unit)
- c) business premise with flat above
- d) commercial building leased to multiple tenants
- e) farm property with more than one dwelling
- f) Council property with more than one lessee

Policy Statement

In setting its rates for the year, Council will charge each separately used or inhabited portion of a rating unit for the following charges:

- a) uniform annual general charge; and
- b) any targeted rate set on a uniform basis for local works and services (except for industrial/commercial, and commercial forestry rating units); and
- c) any targeted rate set on a uniform basis for water (except serviceable, or rural water schemes,); and
- d) any targeted rate set on a uniform basis for solid waste collection and recycling; and
- e) any targeted rate set on a uniform basis for wastewater (except serviceable, or rural water schemes,) on residential rating units.

Note:

Separately used or inhabited portion of a property or building includes any portion of a rating unit inhabited or used by a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement. For the purpose of this policy, vacant land is defined as 'used'.

7.3.6 Lump Sum Payments

Background

In the past, Council has frequently used the provisions of the Rating Powers Act 1988 to offer ratepayers the option of paying capital charges in one lump sum, rather than by loan charges over (typically) a 30 year period.

Many ratepayers do not wish to carry the debt and would prefer to finance the amount required by using savings, or, arranging their own finance and paying off the debt faster than a 30-year period.

By arranging their own finance, the amount of GST payable is fixed at the time the lump sum is paid, whereas, a loan charge over 30 years costs a ratepayer a good deal more.

For example, the GST on a lump sum option of \$10,000 is \$1,250. The same amount of \$10,000 financed over 30 years at say 6.5% interest per annum requires total loan charges over that period of \$22,973 which attracts GST of \$2,871.

While economic theory suggests that loan charges over a lengthy period of time addresses some of the intergenerational issues, the fact remains that many ratepayers are not interested in economic theory and wish to have the option to extinguish the debt under their own financial management, not Council's.

Problem Definition

The Rating Powers Act 1988 was very prescriptive in the way in which lump options could be offered.

The Local Government (Rating) Act 2002 does not include a dedicated regime that provides for lump sum payments. However, section 56 allows a local authority to adopt a policy for the payment of rates in anticipation of rates for subsequent financial years. Section 56 provides as follows:

Policy for Payment of Rates for Subsequent Financial Year

- (1) *A local authority may adopt a policy for the payment of rates in anticipation of rates for subsequent financial years.*
- (2) *A policy of the kind referred to in subsection (1) may provide for either or both of the following circumstances:*
 - (a) *any sum may be paid in a financial year in anticipation of a liability for general rates in subsequent financial years;*
 - (b) *any sum may be paid in a financial year in anticipation of a liability for 1 or more targeted rates, or for targeted rates for 1 or more specified functions, in subsequent financial years.*
- (3) *If rates are paid in accordance with a policy adopted under subsection (1), the local authority must credit the payment in accordance with the policy and the instructions, if any, of the person making the payment.*
- (4) *Section 55(2) and (3) applies, with the necessary modifications, to a policy adopted under this section.*
- (5) *To avoid doubt, payments made under this section must be credited against future rates, whether or not the policy under which the payment was made is still in force when the rates are assessed.*

Section 56 gives the Council some flexibility to design its own lump sum payment policy. The provisions in the Rating Powers Act 1988 provide some guidance. However, there are some differences. Lump sum options under the Rating Powers Act 1988 could be made in two sets of circumstances:

- (a) before a project commenced, with a further payment or refund when final costs were known; or
- (b) to repay a loan raised to finance the project.

Under the Local Government (Rating) Act 2002, there is some real doubt about the Council's ability to enforce payment of a further amount, if necessary, under paragraph (a). It is likely that an amendment to the Act would be required to achieve this.

However, a policy developed to cover the situation in paragraph (b) would enable the Council to offer lump sum options.

Strategic Alignment

The development of this policy aligns with the Council's strategy to establish a high performing organisation with a focus on customer service, prudent financial management, quality processes, and a skilled and motivated workforce.

Implementation

Under section 56(4) of the Local Government (Rating) Act 2002, the policy must be adopted by using the special consultative procedure. The policy is included in the long-term council community plan (Long-Term Council Community Plan).

The Council consulted on this policy during the 2003/2004 annual plan process and sought input from interested ratepayers.

Risks

The Local Government (Rating) Act 2002 is non-prescriptive and provides little guidance to local authorities on the questions of lump sum payments. There is a risk that such a move could be open to challenge by affected ratepayers.

However this risk would be minimised by the following factors:

- (a) development of a robust policy; and,

- (b) undergoing public consultation on any policy development; and,
- (c) the fact that many ratepayers want to be able to make lump sum capital payments.

An additional risk is that having developed a policy, it may not be seen as sufficiently flexible for some ratepayers who may challenge this policy itself. This would be difficult for a ratepayer to substantiate given the policy has undergone consultation.

There is a further risk which relates to the way in which the Local Government (Rating) Act 2002 has been drafted. What is lacking from the legislation is clear authority to exempt a property (which has paid the rates in advance) from all future rating liability for a particular work. This was a feature of the Rating Powers Act. However, the new Act does not actually change the rating requirement for future years. Instead the Council has some of the money to pay the rates.

This risk is minimised by the way in which the loan charge and lump sum payments are structured. The lump sums will be offered for the entire period remaining of the loan cost on the basis that loans will be taken out on a table basis so that they will be repaid by a predetermined term (ie there will be a time (eg 30 years) by which the borrowing will be repaid as determined by the Council's Revenue and Financing Policy). This mechanism ensures that a lump sum contribution (which is in effect a payment in respect of rates for future years) will effectively extinguish the rating unit's liability for the capital work being funded by covering all that property's liability to fund the loan.

Policy Statement

This Lump Sum Payment policy is set out in the following way:

- Statutory authority for making policy
- Commencement
- Policy to apply at discretion of Council
- Definitions
- Principles
- How this policy will be applied.

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Statutory Authority for Making Policy

This policy is made under section 56 of the Local Government (Rating) Act 2002 in respect of sums that may be paid in a financial year in anticipation of a liability for one or more targeted rates or for targeted rates for one or more specified functions, in subsequent financial years.

Commencement

This policy first came into force on 1 July 2003.

Policy to Apply at Discretion of Council

This policy applies at the discretion of the Council.

Definitions

In this policy, unless the context requires otherwise,

- **area of benefit** means the area which, in the opinion of the Council, receives the benefit of a capital work.
- **loan charge** means a targeted rate set and assessed to fund a repayment loan for a capital work.
- **loan servicing costs**, in relation to any repayment loan for a financial year, means payments of principal and interest for that year.
- **lump sum** means the amount of the loan charge for a particular rating unit in anticipation of the rating unit's liability for that loan charge for subsequent financial years less any applicable discount.
- **LG(R)A** means the Local Government (Rating) Act 2002.
- **rating unit** means a rating unit as defined in section 5 of the LG(R)A.
- **repayment loan** means a loan or a series of loans on which interest and principal are paid annually so that at the end of a predetermined period all indebtedness under the loan or loans is repaid.

Principles

The following principles are to govern the way in which this policy is applied:

- (a) This policy should only be used for repayment loans where a loan charge has been or will be set and

assessed over a defined area of benefit where that area of benefit has been approved by the Council.

- (b) The loan charge must be calculated by reference to the interest and principal repayments plus actual costs of administration, which will not exceed 10% of the interest and principal repayments for that year.
- (c) Whenever a lump sum is offered to ratepayers, the lump sum will be offered in respect of the current outstanding amount of the repayment loan.
- (d) For the purpose of applying this policy, the rating unit is the basis for setting and assessing loan charges and the loan charge must be set in accordance with section 18(2) of the LG(R)A. However, the Council may, in appropriate circumstances, determine that for a particular project, this policy applies on another basis that is authorised under the LG(R)A and provided for in the Council's Revenue and Financing Policy. This would only occur if a special Revenue and Financing Policy is developed for a special project which allows for a different charging regime other than the one stipulated in this policy.
- (e) It is the Council's intention that the number of rating units within the area of benefit remains as constant as possible throughout the period that the loan charge is set and assessed for the repayment loan.
- (f) Where, as a result of a subdivision, one or more new rating units are created within the area of benefit, a subdivision contribution will be paid in respect of each of those new rating units. The subdivider must nominate-
 - (i) to which rating unit the original lump sum applied or a loan charge applies; and
 - (ii) to which rating unit/s the subdivision contribution/s apply.

The rating unit/s to which the subdivision contribution/s apply will not be liable for the loan charge.

- (g) At the Council's discretion, the Council may alter the area of benefit so as to remove a rating unit from that area of benefit if it is physically impossible or impracticable to connect the rating unit to the service for which the loan charge is set. The onus of proof is on the owner of the rating unit to establish that it is physically impossible or impracticable to connect the rating unit to the service for which the loan charge is set.
- (h) The Council will not offer lump sums in respect of a repayment loan, or part of a repayment loan, where that repayment loan or part of it is identified as funding future capacity of a capital work.
- (i) The Council will not enter into agreements to extinguish debt when rating units change ownership. This must be dealt with between the vendor and purchaser of the rating unit.
- (j) If any lump sum offers have been made before the commencement of this policy, the basis of calculation on which those previous offers were made remains unchanged even though further offers may be made under this policy.

How this Policy Will be Applied

- (a) The Council will determine, by way of the annual plan or Long-Term Council Community Plan process, whether or not it will offer ratepayers of a defined area of benefit the option of paying a lump sum instead of a loan charge in the following financial year or years. (For example, the Council could determine as part of the 2003/2004 annual plan process that ratepayers will be offered the option of paying a lump sum in the 2003/2004 financial year instead of paying a loan charge for the 2004/2005 financial year and subsequent financial years).

- (b) If this policy applies, by 10 April, the Council must notify, each eligible ratepayer in accordance with section 136 of the LG(R)A of the option to pay-
 - (i) the lump sum; or
 - (ii) 50% of the lump sum and 50% of the loan charge.
- (c) The notice under clause (b) above must state that-
 - (i) the ratepayer must, by 10 May, notify the Council whether the ratepayer accepts the offer, and whether the ratepayer wishes to pay the lump sum or 50% of the lump sum; and
 - (ii) the lump sum or 50% of the lump sum, as the case may be, must be paid by 10 June; and
 - (iii) if that payment is not received by 10 June the relevant loan charge will be set and assessed against the rating unit in the next financial year beginning on 1 July and subsequent financial years.
- (d) The ratepayer must, by 10 May, notify the Council whether the ratepayer accepts the offer, and, if so, which amount the ratepayer wishes to pay.
- (e) The Council must deliver an invoice to every ratepayer who has accepted the Council's offer. The invoice must contain the following information:
 - (i) the address of the Council;
 - (ii) the name and address of the ratepayer;
 - (iii) the legal description of the rating unit;
 - (iv) the lump sum or 50% of the lump sum which the ratepayer has notified the Council that he or she wishes to pay;
 - (v) that the lump sum amount must be paid by 10 June;
 - (vi) where the lump sum amount may be paid;
 - (vii) any other information that the Council thinks fit.
- (f) If the ratepayer does not pay the lump sum or 50% of the lump sum, as the case may be, by 10 June, the relevant loan charge will be set and assessed against the rating unit in the next financial year beginning on 1 July and subsequent financial years.

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- (g) Despite clause (f) above, the Council retains a discretion to accept any payment that does not constitute the full amount of the lump sum or 50% of the lump sum.
- (h) Any rates assessment and rates invoice under the LG(R)A must include the amount of the lump sum that has been paid in respect of any loan charge that would be set and assessed against a rating unit.
- (i) Simply because the Council has applied this policy in one financial year for a particular capital work, does not limit the Council from applying this policy in a subsequent financial year or years for the same capital work.
- (j) For the avoidance of doubt, a 50% lump sum option cannot be further diluted in subsequent years, so that, an option will never be offered for less than 50% of the original lump sum.

7.4 Collection of Rates

Objective

To enable Council to collect rates in a manner that is efficient and cost effective, and at the same time is fair and equitable to all ratepayers.

7.4.1 Instalments and Due Dates

Policy Statement

Instalments for rates set for the year commencing 1 July and ending on 30 June the year following will be calculated in three equal amounts and be due on the following dates:

- a) instalment one - 8 September;
- b) instalment two - 8 December;
- c) instalment three - 8 April; except that,

if for any reason Council is not able to deliver a rates assessment at least 14 days before 8 September, then the first instalment may be based on 25% of the rates payable in

the previous year in accordance with Section 50 of the Local Government (Rating) Act 2002.

Instalments for targeted rates for water supplied by volume set for the year commencing 1 July and ending on 30 June the year following will be due on the following dates:

Pauanui	10 December and 20 May
Thames	20 January and 30 May
Coromandel	30 January and 10 June
Whitianga	30 January and 10 June

7.4.2 Payment Options

Policy Statement

Council will accept payment of rates by cash, cheque, EFTPOS (excluding credit card accounts), direct debits, telephone banking, automatic payment, direct credits, and internet banking.

Rates may be paid at the principal office of Council in Thames, or at any of its service centres in Coromandel, Whitianga, or Whangamata.

7.4.3 Penalties

Policy Statement

Council will apply penalties on unpaid rates as follows:

- a) instalments – a 10% penalty will be added on the next business day following due date to so much of any of that instalment which is not paid by due date; except that where a ratepayer has entered into an arrangement by way of a direct debit authority, or an automatic payment authority, and honours that arrangement so that all current year's rates will be paid in full by 30 June in any year, then no penalty will be applied; and
- b) a further penalty of 10% will be added to rates that remain unpaid from previous years in accordance with section 58(1)(b) of the Local Government (Rating) Act 2002.

7.4.4 Small Amounts

Policy Statement

Where a rates assessment for a rating year (1 July to 30 June) is for an amount of less than \$10.00 (GST inclusive), then Council will write-off the amount as being uneconomic to collect, provided that there are no other assessments in the name of the same ratepayer.

7.4.5 Overdue Rates Collection

Policy Statement

All overdue rates accounts are to be pursued for collection within the limits of the LG(R)A.

All overdue rates accounts are to receive a series of reminder letters.

A first letter is to be sent immediately after instalment penalty has been applied requesting payment within 14 days. If payment is received within the stipulated time, the provisions of Council's rates remission policy will apply.

A second letter to commence the enforcement process is to be sent after four months of due date of the instalment in accordance with section 63(1) of the Local Government (Rating) Act 2002. The letter is to require payment within 14 days.

A third letter in the form of a final demand is to be sent 14 days after the second letter.

Every endeavour will be made to collect unpaid rates from persons other than the ratepayer as permitted under sections 61 and 62 of the Local Government (Rating) Act 2002.

In the event that all the foregoing actions fail to either elicit payment, or secure, an agreement to clear rates by regular payments, then the debt may be referred to Council's debt collecting agency to pursue collection under sections 63 to 84 of the Local Government (Rating) Act 2002.

Where it has been determined that extenuating circumstances exist regarding the land or the ratepayer Council may withhold from sending the debt to its debt collection agency or withdraw from the legal process prior to the sale of the land. (Extenuating circumstances are when it is deemed to be politically sensitive or due to the sensitive nature of the land status, eg. land that has been transferred from Maori Freehold Land to General Land through a compulsory process during the 1960's and 1970's, the ratepayer is an elderly person that has no apparent support and is unable to comprehend the significance of the situation).

7.5 Administration

Objective

To enable Council to manage the administration of its rating information database (RID) in a manner that prevents errors and omissions.

7.5.1 Form of Objections to Rating Information Database

Policy Statement

Any person who is named in the rating information database and who wishes to object to the information contained in the database under section 29 of the Local Government (Rating) Act 2002, should do so in writing and supply the following information:

- a) property location
- b) rate account number
- c) valuation reference number
- d) objector's name and postal address
- e) grounds for objection

7.5.2 Change of Name

Policy Statement

Any person whose name is entered in the rating information database as ratepayer in respect of a rating unit, and who must notify Council of any change in name in accordance with section 36 of the Local Government (Rating) Act 2002, must do so in writing after ensuring that the change of name has been entered in the land transfer register. Council will

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not make changes until section 36, and this policy, is complied with.

7.5.3 Change of Address

Policy Statement

Any ratepayer who wishes to record a change of postal address in the rating information database and/or for any account for water by volume (water-by-meter) must do so in writing.

8. Community Impacts

The Act requires Council to consider the overall impacts of any allocation of liability for revenue needs on the current and future, social, economic, environmental, and cultural well-being of the community. (Section 101(3)(b)).

8.1 The Effect of Rates on High-Value Properties

A number of submissions to the 2004 Long-term Council Community Plan, and also to the 2005/06 Annual Plan, requested Council to provide some sort of reduction in rates for high-value properties. This was largely provoked by soaring land values for coastal properties in particular.

Council considered various options and originally declined to provide relief for high-value properties on the following grounds:

- a) the 30% cap on fixed charges was reached each year indicating that Council is charging the maximum possible on a per property basis that legislation allows;
- b) the affected property owners were receiving substantial capital gains to be realised some time in the future;
- c) where the property was a primary place of residence, low income earners would be eligible from 1 July 2006 to apply for assistance under the enhanced rates rebate scheme;

- d) where the property was a primary place of residence, ratepayers aged 65 years and over could apply for rates postponement;
- e) Council believed it had chosen the appropriate funding tools in working through its activity analysis, and one of the funding mechanisms is a rate charged on property values;
- f) ultimately any reduction in rates on high-value properties would have to be borne by the owners of low-value properties. This was not seen to be equitable.

However, as a result of submissions, Council reconsidered the issue and decided to apply a differential on the general rate in favour of farming and horticultural properties to encourage the continued use of these rating units for farming and horticultural purposes. The general rate was chosen to ensure every property was treated equally.

In addition Council has undertaken to initiate a study of the various valuation methods allowed for setting the general rate under legislation to determine if valuations on some basis other than land value may be more equitable over a wide-range of ratepayers. Any such change (if appropriate) could be incorporated in the 2009 Long-term Council Community Plan.

8.2 What is the impact of funding decisions on those with low or fixed incomes, particularly the elderly?

In the past Council has taken the view that income support is the responsibility of central government and that is not Council's role to determine whether or not various sections of the community can afford to pay their rates. The Act makes it clear that Council can no longer take this stance and it must at least consider the impacts of its funding decisions on its community. This, of course, creates tensions between Council wishing to achieve certain objectives and having to take into account that perhaps one part of its community cannot afford to pay the bill. This tension is exacerbated by the fact that Council has no means of

redistributing income, or even determining who might be entitled to some supplementary income.

If Council is able to recognise a group of individuals who cannot afford to pay their rates, it can reduce the level of rates charged to those individuals, and recover from other ratepayers the amount of relief provided. Another option is to defer the requirement to pay the rates until some time later.

Council must also keep in mind that it is not the only authority assessing rates on properties in the district. This is particularly important to keep in mind as Environment Waikato moves into its Peninsula Project, and flood protection work on the Thames Coast.

The following are a number of statistics recently published which give a "feel" for the demographic make-up of the resident population of the district compared to the whole of New Zealand:

	District	NZ
People over 45 years of age	49%	34%
Median age	44 years	35 years
Proportion of European (or Pakeha) descent	92%	80%
Personal income of less than \$20,000 pa	56%	47%
Over 15 years of age and employed	53%	62%
Household size	2.3	2.7
Occupied dwellings	54%	90%

These indicate that an older population on lower incomes live in the district than the average for New Zealand. However, this must be tempered by the fact that nearly half our ratepayers are not residents and are presumably wealthier than the average because they can afford to own/maintain two homes.

It is really not possible to alter funding decisions on the basis of income, or ability to pay, without setting up a huge

administrative process to assess and determine who can, or cannot, afford their rates. This is hardly the role of Council.

Council is cognisant of the fact however, that the district is a home for higher than average elderly persons on low incomes. A modern term to encompass this group of people is "asset rich/income poor". In recognition of this, Council has established a rates postponement policy for persons 65 years of age and over which will allow them to defer payment of rates until they cease to occupy their home. Increases in property values over time are expected to more than compensate for compounding debt as a result of deferment.

It has been announced that the Rates Rebate Scheme is to be revised from 1 July 2006 by reducing the thresholds at which the rebate will apply. Government expects this will provide relief for some 300,000 ratepayers in the first year and this District will certainly have many ratepayers (current estimate 2,500) who can take advantage of this assistance.

8.3 Are there implications for community groups as a result of funding decisions?

Community groups that pay a rates bill are affected in the same way as individuals by movements in rates and funding generally. Council wishes to encourage non-profit groups providing a community service to remain active within the community but chooses to assist them through its rates remission policy rather than provide assistance through the Revenue and Financing Policy.

8.4 Will funding decisions affect participation in community activities?

The level of user fees set by Council for participation by individuals in activities such as libraries, swimming pools, community halls, harbour facilities, is very much done with consumer acceptance in mind. The public generally is quite vociferous when it believes Council fees for participation become too high to accept and Council does tend to take note when this happens. Council wishes to encourage

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greater use of Council-owned libraries and pools, and has reduced the level of revenue to come from user charges.

8.5 Are any cultural groups disadvantaged by the policy?

Taking the word cultural in its narrowest sense and assuming it to mean ethnicity, there do not appear to be any such groups disadvantaged by the policy.

Looking at the place of Maori in New Zealand society, Council has developed remission and postponement policies recognising the unique nature of Maori freehold land and providing relief in appropriate circumstances. In addition, the valuation of Maori freehold land is discounted according to the number of owners, and other special features, so that it is shielded to a certain degree from increases in value.

8.6 Does the policy encourage the preservation of natural heritage?

The Revenue and Financing Policy in itself does not actively encourage the preservation of natural heritage. It could be argued that by not identifying such properties and reducing the incidence of funding required from them, the policy could discourage such preservation. However, Council considers that funding decisions should be made in an even-handed manner and the preservation of natural heritage is managed through its rates remission policy and provisions of the District Plan.

8.7 Does the policy encourage development on the peninsula?

There are no concessions to developers within the Revenue and Financing Policy. In fact Council makes it clear it expects to set development contributions at a level to fund future capacity built into infrastructure. There is a clear intention that the cost of development should not fall on existing ratepayers. Whether or not this discourages development is a moot point. Certainly would-be developers are made aware of the financial contribution

they are expected to contribute and can factor that into their costings to decide whether or not a particular development is viable.

Council does, however, make a concession to developers through its rates remission policy in that it allows a developer up to two years to dispose of subdivided properties before they are required to pay the full level of fixed charges. These remissions are only affected by the policy to the extent that Council decides who should fund the remissions granted.

8.8 Does the policy provide incentives to preserve scarce resources?

The policy does provide for a charging regime (user pays) for the supply of water. It is likely, however, that this only assists in the preservation of water supply to the extent of the schemes that have water meters installed. The Long-Term Council Community Plan budgets do not include the installation of meters in all Council-owned schemes over the term of the plan. Only when meters are installed, will it be possible to price water at a level to encourage conservation, if Council so wishes.

Land is also a scarce resource, especially along the coastline. Continuing property market activity resulting in increasing prices tends to confirm this. The policy does not address this issue. In fact increasing levels of rates funding can encourage certain activities such as farming and camping grounds to subdivide and further develop for mainly residential/recreational use rather than economic use. This may impact on the economic viability of the district long-term unless replaced by other economic activity.

As mentioned earlier, Council does encourage the preservation of some land through remission of rates for people covenanting areas for conservation purposes.

8.9 Are there incentives to avoid environmentally “unfriendly” activities?

Council's funding decisions relating to the activity of solid waste disposal lean towards avoiding the disposal of rubbish in an unfriendly manner. Sufficient revenue is allocated to meet the cost of transporting and disposing of all waste outside the district and for the repair of closed landfills. A bag charge for refuse collection coupled with a recycling programme encourages ratepayers to dispose of their waste in the most economic way possible. It can be argued that excessive charges may encourage the disposal of waste in a most unfriendly manner.

Council does have other means of managing unfriendly activity through various policies and bylaws outside the Revenue and Financing Policy.

8.10 Does the policy assist in economic growth?

The policy includes a targeted rate for economic development to be assessed on the value of improvements of commercial/industrial, farming and horticultural, rural other, and commercial forestry properties. Although the majority of these funds have in the past supported the promotion of tourism, the activity has been extended to other items such as regional partnerships and the provision of information centres.

The overall level of rates could in fact slow down economic growth if it is higher than similar properties in other districts. The level of rates is only one factor taken into account by persons considering establishing business in the district. Other areas are likely to be favoured over this district if other Council's provide “tax breaks” in the form of remissions or grants to proposed businesses. In the interest of the policy being as level as possible to all ratepayers, the remissions approach is the better option. To date Council has not offered this type of concession to establish growth.

The Coromandel Peninsula will develop anyway because of other factors such as its beauty, climate, coastline etc. This development will centre around subdivision and increased numbers of residential/recreational properties. As population grows and demand for services increase, new business will be established.

On the whole, the policy and funding decisions are at the best probably neutral on the question of economic growth.

8.11 What are the likely impacts of funding hazards?

The policy allocates 80% of the revenue needed to fund hazards from the area benefiting from the work undertaken. This can place a heavy rating burden on individual property owners.

There are also flood mitigation measures proposed for the Thames Coast area. While Council itself will not be rating to fund this work, the regional authority will be. The impact on the affected ratepayers will be high even with the level of Government assistance provided.

Environment Waikato has also developed a rates postponement policy for those 65 years and over similar to Council's own policy. For those under 65 years of age, there is little that can be done to lessen the impact under the proposed funding mechanism.

8.12 What are the economic predictions for the next two years?

Recent (September 05) forecasts coming from Business and Economic Research Limited (BERL) indicate steady growth in Gross Domestic Product (GDP) at 3% to March 2006, 3.3% to March 2007, and 3.4% growth to March 2008.

This growth is underpinned by strong growth in employment. Over the past two years economic and employment growth enjoyed in this district has exceeded the national average and there seems to be little reason for it not to continue to do so.

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However, BERL admit to a certain “nervousness” in their forecasts and do note that because of inflation (fuelled by increases in oil prices) that interest rates are unlikely to drop before early to mid-2006. They also expect this will continue to hold the NZ\$ at current levels for a similar period.

On the Coromandel Peninsula, the residential property market remains buoyant although there has been a reduction in building consents issued.

Overall, apart from the note of caution expressed in the BERL report, the district can expect to continue to see growth and favourable economic conditions.

ACTIVITY ANALYSIS

AIRFIELDS

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Airfields activity aligns best with the ‘Planning, Growth and Development’ community outcome, namely:

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *We have quality infrastructure and services (including health and education)*
- *Our parks, reserves, sport and active recreation facilities are provided, maintained and developed to meet future growths.*

Council owns two airfields, one at Thames and one at Pauanui. It currently has a policy of exiting airfields although the Thames Community Board have expressed disagreement with this policy and are continuing to develop the airfield in Thames with a view to it becoming economically viable. The Tairua/Pauanui Community Board have moved to exit the operation of the Pauanui airfield and have entered into a management contract with a third party. The Board will still have to carry some costs such as insurance.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

Airfields provide a means of transportation to the community at large, albeit to a fairly small number of people generally localised. It is also considered that the district as a whole will benefit from any economic development. There could also be a role of servicing the district in the event of a disaster occurring.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Any benefits from the airfield activity are seen to benefit the individual communities of Thames and Pauanui, if indeed there are community benefits at all. However, there are groups within those communities who benefit such as aero clubs and other aviation based recreation activities.

Does the activity benefit individuals (and if so, who)?

Benefits can be attributed to individual users of the airfields but often it is not economic to identify and charge them. The number of landings is too low for it to be economically viable to have the airfields staffed to manage user charges. The Thames airfield activity charges an annual fee for aircraft domiciled on site.

Period of benefits

What is the period in, or over which, benefits will occur?

The benefits are likely to be medium term, at least until Council determines if it wishes to pursue a policy of completely exiting from the activity.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

The activity can be undertaken by private enterprise and this has occurred in the case of Pauanui, and maybe in the case of Thames, in the medium term.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

This activity is funded separately as it is Council's intention to exit the activity. Separate funding is especially important because the costs and benefits of extending the existing airfield at Thames to make it economically viable will come under scrutiny.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

Pauanui will cease to attract any user charges but will still be liable to some costs. Thames will attract some user charges from owners of aircraft domiciled at the airfield. No outside sources of funds are available to fund the activity.

Are there other considerations to be taken into account?

There may always be some components of funding required for airfields as it is very unlikely that Council will be able to dispose of the airfields outright, although they can exit the operational side of the activity.

Having taken all factors into consideration including submission to the draft Long-term Council Community Plan, the indicative funding tools to be used for operating expenses are:

Fees and Charges Rates:	Locality	Thames		Pauanui	
		40	%		%
General Rate	District	20	%	10	%
Uniform annual general charge	District		%		%
Targeted rate - land value	Board	40	%	90	%
Targeted rate - capital value			%		%
Targeted rate - fixed charge			%		%
Targeted rate - water by volume			%		%
Targeted rate -			%		%
		<u>100</u>	%	<u>100</u>	%

Funding decision – capital expenditure

There is no capital expenditure in relation to the Pauanui airfield. The Thames airfield extensions are to be funded by financial reserves if available, or by loan. Loan repayments will be funded in the same way as operating expenses.

ANIMAL CONTROL

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Animal Control activity primarily contributes to achievement of the 'Our Communities', community outcome, namely:

Our communities are healthy, cohesive, caring and supportive:

- Our communities are safe (including adequate law and regulation enforcement).

Council has a statutory obligation to be involved in animal control under the Dog Control Act 1996. The largest part of this activity is to do with dogs. Other wandering stock incurs minimal cost. The activity includes dog registration, education of owners, and enforcement activity to minimise any danger, distress, or nuisance, that uncontrolled dogs may cause. There are control issues arising from visitor dogs that are registered in other districts.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

The request for service function operated by Council enables any member of the public to register complaints about dogs that are seen to be a nuisance. The community also enjoys cleaner footpaths and parks, and quieter neighbourhoods, together with some measure of protection against dangerous dogs, as a result of dog control. Other stock control also benefits the community as a whole in that it reduces the danger of wandering stock causing road accidents.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

The control of animals is seen to benefit the community district-wide and the registering of dogs is seen to benefit individual dog owners.

Does the activity benefit individuals (if so, whom)?

An individual cannot legally own a dog unless it is registered. The dog must also be exercised and cared for.

Dog owners are an identifiable group, because they are required to register their animals. It should perhaps be noted that often there are few benefits that accrue to many dog owners, other than the benefits enjoyed by ownership, as most dogs registered within the district do not cause problems. Much of the service provided by the activity is directed towards problem animals and their owners, many who visit from outside the district.

Residents have the benefit of dog ownership which entitles them to the lawful enjoyment of their pets and working dogs. In addition, if their dogs stray or get lost, they can be identified and returned.

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Period of benefits

What is the period in, or over which, benefits will occur?

Council has made a commitment to undertake this activity for an ongoing period, indeed, under statute it is required to provide a registration process and a policy on dog control. The benefits described under this activity will therefore continue to occur for the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

If all dog owners and dogs behaved perfectly, there would be no need for the control of dogs, other than for registration which is required by statute. Many owners cannot be identified as they are visiting the area and their dogs are registered outside the district. Other owners cannot be identified for other reasons, for example, it is often impossible to determine what dogs are responsible for fouling.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

The Long-term Council Community Plan outlines the reasons for engaging in this activity. This policy shows the funding source applicable to the activity, thereby demonstrating the distinctly individual nature of the service.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

Impounding fees and infringement fees are charged for offences where the offender can be identified. These fees are minimal and represent less than 4% of the cost of operating the activity. User fees are imposed for dog registration on the resident owners of dogs.

Are there other considerations to be taken into account?

People's ability to pay needs to be taken into account. If fees are unaffordable, this ultimately causes more work in collection of fees and following up people who choose not to register their dogs, or to collect them if they are impounded. Also, dog owners perceive very little benefit from registration and object strenuously to paying anything except the bare minimum. There is therefore a link between affordability of fees and the value people see in the service.

The therapeutic effects of pets on families and individuals are well documented. Many elderly people value the company of their pets, in particular, dogs, for companionship and a feeling of security. This contributes to them being able to remain independent in their own homes for longer. Such people are often on near-fixed incomes and fees need to be affordable to them.

Council chooses to provide a comprehensive customer service function and while this provides excellent service for both the public and animal control staff and contractors alike, there is a cost involved. In addition the cost of monitoring and enforcing control of dogs (and other stock) benefits the community at large (who cannot be excluded from receiving the benefit). However, any general benefit to the community has no relationship to the size of properties and a fixed charge per property is considered appropriate.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		50	%
Rates:	Locality		
General rate	District		%
Uniform annual general charge	District	50	%
Targeted rate – land value			%
Targeted rate – capital value			%
Targeted rate – fixed charge			%
Targeted rate – water by volume			%
Targeted rate -			%
		<u>100</u>	%

Funding decision – capital expenditure

Capital expenditure occurs very rarely in this activity. When it does, Council would expect to fund it on the same basis as the operating expenses.

BUILDING CONTROL

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Building Control activity aligns best with the 'Our Communities' community outcome, namely:

Our communities are healthy, cohesive, caring and supportive:

- *Our communities are safe (including adequate law and regulation enforcement).*

Council has a statutory obligation under the Building Act 2004 to issue building consents and property information memoranda. The process involves processing applications to ensure they comply with legislation, standards, and the building code. Council also has a statutory obligation under the Building Act 2004 to conduct inspections of construction work, and to respond to perceived breaches of the building code. The process involves on-site inspections during the course of construction. When the work is completed to the standards required in the original consent, a certificate of compliance is issued. In this way, the activity ensures that the standards set for building structures in the district are at the appropriate level.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

This is a regulatory activity that promotes public safety and as such there are some general community benefits because the public can be assured that building activity complies with the relevant codes. For example, a safe water supply and proper disposal of wastewater are requirements of a building consent. This means that not only current occupiers benefit, but also future occupiers.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

It could be assumed that the activity generates benefits to the construction industry in that they have a built-in quality control check of the plans and specifications they produce for any particular construction. However, this is not generally recognised and there has not been any effort to recover any portion of costs against the builder unless they happen also to be the owner of the property and building.

Does the activity benefit individuals (and if so, who)?

The primary beneficiary of the building consent process is the applicant who wishes to construct a building. Obviously, these beneficiaries can be easily identified and charged accordingly.

Period of benefits

What is the period in, or over which, benefits will occur?

The obligation to process Building Consents is a statutory one and Council believe this is an essential activity to ensure compliance with building standards and to produce an outcome that everyone can benefit from. The benefits will therefore continue into the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

Council needs to undertake this activity because people build structures.

Private Building Consent authorities can also appraise plans, issue consents and carry out inspections. The activity is required to be undertaken by Council under a statutory obligation.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Building activity has a high public profile and separate funding allows for greater accountability.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

The Building Act 2004 gives Council the authority to recover actual and reasonable costs associated with this activity. Council therefore has a range of fees it charges for processing applications for a building consent and conducting inspections.

Are there other considerations to be taken into account?

Advice on building issues is provided free by Council through the availability of building control officers. Time is also spent on enforcement issues and policy development. Once a consent application has been received for processing, all costs are a charge against the applicant. For major projects, costs may begin to accrue at an agreed time prior to the lodging of an application. Council also needs to be sensitive to charges being made by neighbouring councils.

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Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

	Locality	Consents and Inspections	Monitoring and Enforcement
		70 %	5 %
Fees and Charges			
Rates:			
General rate	District	%	30 %
Uniform annual general charge	District	15 %	65 %
Targeted rate - land value		%	%
Targeted rate - capital value		15 %	%
Targeted rate - fixed charge		%	%
Targeted rate - water by volume		%	%
Targeted rate -		%	%
		<u>100 %</u>	<u>100 %</u>

Funding decision - capital expenditure

There is no capital expenditure in this activity.

CEMETERIES

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Cemeteries activity aligns best with the 'Planning, Growth and Development' community outcome, namely:

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *We have quality infrastructure and services (including health and education).*

The provision of cemeteries provides for a safe and suitable burial ground. The public expects cemeteries to be cared for so that they are a fitting memorial to people who are buried in them, as it is part of our culture to show respect for the dead. In addition, it is appropriate that cemeteries should be aesthetically pleasing, peaceful areas so they assist in providing for a healthy environment, and a secure environment for those wishing to remember people they have lost through death. For this reason the maintenance of closed cemeteries is also important.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

The provision of well-presented cemeteries as public open spaces is a very important factor in our respect for the dead. There are district-wide benefits in the prestige value of having well-kept and pleasant burial places. There are also various cultural benefits to the community at large. Many members of the community are interested in discovering more about their ancestors and history, and local cemeteries and their records are often an important source of specific genealogical information, as well as more generic social history of the district.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Individual communities may relate to, and be interested in, their local cemetery from a historical point of view, but as the peninsula is a relatively small area geographically, the historical information is seen to have more of a district-wide perspective.

Does the activity benefit individuals (and if so, who)?

Beneficiaries of the provision for burials are readily identifiable and their estates can be charged accordingly. Plot occupation and burial are seen to be of a benefit to the deceased individuals and their families.

Period of benefits

What is the period in, or over which, benefits will occur?

The Council has an on-going commitment to maintain existing cemeteries into the foreseeable future. This includes closed cemeteries which are repositories of historical information.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

Other cemeteries do exist in the district but they are owned by either Maori, the Department of Conservation, or limited private interests, usually church or family based. They are not usually available as options for members of the public to access.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Council believes that the provision of cemeteries is important. By funding it separately, Council demonstrates the discrete nature of these facilities, and the fact that there are no other Council activities of a similar nature.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

Small grants are received from the Department of Internal Affairs towards the upkeep of those parts of cemeteries preserved for eligible servicemen and servicewomen. Council also charges for plots and interment services to individuals. Fees are also charged to users of the service where the deceased person has not been a ratepayer contributing to the upkeep of cemeteries within the district.

Are there other considerations to be taken into account?

Cemeteries within the district are available to all residents at the same fee and are accessible by the general public. District funding is therefore considered the appropriate tool to supplement user charges. It is also important to keep the fees for burials within reach of people from a lower social economic status to enable them to access the facilities provided.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		45	%
Rates:	Locality		
General rate	District		%
Uniform annual general charge	District	55	%
Targeted rate – land value			%
Targeted rate – capital value			%
Targeted rate – fixed charge			%
Targeted rate – water by volume			%
Targeted rate -			%
		<u>100</u>	%

Funding decision - capital expenditure

Capital works in this activity is limited to the acquisition of suitable land when required and the development of paths, berms and other improvements associated with cemeteries. Land purchases are normally funded from the property reserve account while improvements are funded either from rates or loan.

COMMUNITY BOARDS

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Community Board activity contributes in some degree to all of our Community Outcomes. In particular, it aligns with the 'Our Communities', 'Diversity and Character' and the 'Planning, Growth and Development' community outcomes, namely:

Our communities are healthy, cohesive, caring and supportive:

- Young people are involved in decision-making that affects their future
- Communities are culturally enriched, active and informed

The diversity and character of our communities and the uniqueness of the Peninsula is a valued part of our lifestyle:

- We have strong community leadership

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- Our communities are involved in consultation and partnerships

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- We have quality infrastructure and services (including health and education)

Community Boards are made up of elected representatives whose role is to provide leadership at a local level. This consists of making decisions regarding certain activities for which they have delegated authority from Council, but more importantly, to lead community consultation on a whole range of issues. With the increased requirements of the Local Government Act 2002 for Council to consult with its public, it relies heavily on Boards to be proactive in seeking their community's views and providing feedback to Council.

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Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

The benefits of this activity are generally seen to benefit the particular community that is represented by each Board. However, a district-wide funding mechanism levels the cost of representation evenly across the district.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Sometimes it is possible to identify a group of persons who might benefit from a particular Board decision, but it is not normal practice to charge them directly.

Does the activity benefit individuals (and if so, who)?

Although elected representatives may be able to identify those members of the public who contact them directly about specific issues, they are mainly there to represent the community and it is part of our democratic process that individuals making contact on issues are not charged directly for this service.

Period of benefits

What is the period in, or over which, benefits will occur?

As part of the representation review, Council has retained the five Community Boards although they have been slightly restructured. The benefits will therefore occur at least until the next representation review in 2009.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

There is no direct connection between actions or inactions of particular persons, or a group, contributing to the need to undertake the activity. However, there is a very strong feeling within the community generally, that Community Boards serve a useful and representative purpose, and to the extent that the community expresses those views, pressure is applied for the activity to exist.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Community leadership is a key and important role. Funding separately the means by which this is achieved, is in itself, an important indicator of transparency and accountability. It is imperative that the integrity of elected representatives and the process by which they govern is open to scrutiny in order that residents and ratepayers have confidence in the system.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external sources of funds available to fund this activity.

Are there other considerations to be taken into account?

The fixed costs of Community Boards are relatively high so that smaller Community Boards cost their constituents more per head of population than larger Boards. There is a view that the cost of local leadership should fall evenly across the whole district and the activity should be funded on a district-wide basis and Council has accepted this view.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges				%
Rates:	Locality			
General rate	District	50	%	
Uniform annual general charge	District	50	%	
Targeted rate – land value			%	
Targeted rate – capital value			%	
Targeted rate – fixed charge			%	
Targeted rate – water by volume			%	
Targeted rate -			%	
			<u>100</u>	%

Funding decision - capital expenditure

There is no capital expenditure in this activity.

COMMUNITY REGULATIONS

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Community Regulations activity primarily contributes to achievement of the 'Coast and Beaches', and 'Our Communities' community outcomes.

The natural values of our coast and beaches are respected and enhanced:

- *The negative impact of people is minimised*

Our communities are healthy, cohesive, caring and supportive:

- *Our communities are safe (including adequate law and regulation enforcement)*

Council is involved in making, reviewing, and enforcing, bylaws to protect and control the community over a variety of issues. These include parking, fire hazards, camping, water restrictions, signs, litter, road closures, fire bans, and mobile traders. In addition, the activity includes noise control under the Resource Management Act 1991.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

Many of the functions of this activity benefit the community district-wide in that all residents and visitors alike receive an even-handed approach to the various bylaws and regulations. The concept of "one law for all" sits well with district-wide benefits. The wider community can also participate in the making and reviewing of bylaws. In addition all ratepayers receive the same level of benefit.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

In the case of parking enforcement, the communities of Thames and Whangamata receive benefits as they are the only two communities that have parking regulations and enforce them. However, in Thames, no fines or charges are made for infringements.

Does the activity benefit individuals (and if so, who)?

There are individual benefits in relation to noise control in particular, but other regulations as well. The control of mobile shops, hawkers

and traders, ensures the commercial sector is regulated outside commercial zones. However, it is not always easy to identify the beneficiaries, and even more difficult to charge them for the service. In most cases, they would not be prepared to pay anyway, rather seeing the activity as a "public service".

Period of benefits

What is the period in, or over which, benefits will occur?

The control of various community issues and activities for which there is an expectation that Council will act in the interests of the whole community, will see Council committed to this activity in the foreseeable future. In addition, the statutory requirement to attend to noise nuisance complaints will see this activity continue as long as that statutory requirement remains in force.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

There is no private sector organisation to provide these community regulatory functions. Much of the work is contracted out, but nonetheless the responsibility lies with Council. Unfortunately, the perpetrators of the nuisances can rarely be successfully charged for the problems they cause.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

The activity is quite discrete and some of the functions quite high in profile, particularly one such as noise control in the predominantly holiday locations. It is funded discretely for these reasons.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There is little opportunity to collect fees and charges from the creators of nuisances. There is limited ability to charge anyway, and collection can be even more difficult given many of the perpetrators are visitors to the district.

Are there other considerations to be taken into account?

The Council does not wish to be seen as a police force, but rather wish visitors in particular to enjoy their stay in the environment that the district offers. This is typified in the approach to parking in Thames where the emphasis is on education and passive enforcement

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through warnings, rather than on a heavy-handed approach and revenue generation.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges			%
Rates:	Locality		
General rate	District		%
Uniform annual general charge	District	100	%
Targeted rate – land value			%
Targeted rate – capital value			%
Targeted rate – fixed charge			%
Targeted rate – water by volume			%
Targeted rate -			%
		100	%

Funding decision - capital expenditure

There is no capital expenditure in this activity.

COMMUNITY ROADING

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Community Roothing activity aligns best with the 'Diversity and Character' and 'Planning, Growth and Development' community outcomes, namely:

The diversity and character of our communities and the uniqueness of the Peninsula is a valued part of our lifestyle:

- We live in attractive towns

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- We have quality infrastructure and services (including health and education)
- Our transport networks are reliable, safe and innovative

This activity covers a myriad of small activities carried out at local community level, that are grouped together for funding and financial accountability. Street cleaning, street beautification, undergrounding

of power and communication services, maintenance of grass berms, street lighting, street signage, footpaths, kerb and channel, butt seals, safety improvements, service lanes and parking areas all contribute to the desired outcomes.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

With the multitude of small activities covered in this category, there is undoubtedly district-wide benefits in that similar standards will apply across the district and provide residents and visitors with a consistency of levels of service. There is also the wider benefit of having a pleasing and safe environment in which to live and work.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

As much of the work is of a local nature, there are benefits to local communities. While it is true that some benefits are district-wide, the majority of benefits accrue to local communities and individuals.

Does the activity benefit individuals (and if so, who)?

There are benefits accruing to individuals in most of the activity undertaken. The use of footpaths, sealed dead-end streets, signage, street lighting are all enjoyed by individuals.

Period of benefits

What is the period in, or over which, benefits will occur?

Council is committed to providing the services outlined in this activity. While there may be some changes to the individual nature of the functions, the overall grouping of a number of ancillary services such as those covered in this policy will continue into the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

The private sector provides very little in the way of services for local activities as outlined in this policy which means Council needs to accept responsibility for them as no-one else will.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

As mentioned previously, there needs to be a "melting pot" or "miscellaneous" activity to pick up the costs associated with a number of small, localised activities and the benefits of doing this is to reduce administration costs overall yet show financial accountability at the same time.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external sources of funds in this activity. User charges can be applied to monitoring vehicle crossings as the beneficiary can be easily identified. For the most part though, there is no suitable mechanism for identifying and charging individuals or groups of individuals.

Are there other considerations to be taken into account?

In the main, local works are very much of a discretionary nature. However, footpaths and their maintenance is rated highly in importance in resident surveys due to pedestrian safety consideration.

A targeted rate on capital value to fund approximately one third of this activity is seen to be appropriate in that developed properties make greater use of the benefits. This is consistent with the District Rooding activity. However, because of the small amount of funding required, the administrative costs of setting five community targeted rates on capital value outweighs the benefits.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges			%
Rates:	Locality		
General rate	District		%
Uniform annual general charge	District		%
Targeted rate – land value	Board	70	%
Targeted rate – capital value	Board		%
Targeted rate – fixed charge	Board	30	%
Targeted rate – water by volume			%
Targeted rate -			%
		100	%

Funding decision - capital expenditure

Capital expenditure in this activity is usually small in nature. New construction of footpaths and butt seals may be funded by loan while rehabilitation of existing footpaths is usually funded from depreciation reserves. Frequently capital work is funded from rates because of the often small amounts involved. Where debt requires servicing and works are funded by rates, Council does so in the same proportions as operating expenses.

COUNCIL AND ELECTIONS

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Council and Elections activity contributes in some degree to all of our Community Outcomes. In particular, it aligns with the 'Our Communities', 'Diversity and Character' and the 'Planning, Growth and Development' community outcomes, namely:

Our communities are healthy, cohesive, caring and supportive:

- *Young people are involved in decision-making that affects their future*
- *Communities are culturally enriched, active and informed*
- *The contributions of our volunteers are recognised and supported*

The diversity and character of our communities and the uniqueness of the Peninsula is a valued part of our lifestyle:

- *We have strong community leadership*

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *Our communities are involved in consultation and partnerships*

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *We have quality infrastructure and services (including health and education)*

The mayor and councillors are elected representatives whose role is to provide leadership and make decisions affecting the Thames-Coromandel District on behalf of all residents and ratepayers. The Council endeavours to take account of a wide range of views in its

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decision-making process by using a variety of methods to consult with its public. It is often a difficult task balancing many differing opinions and making an appropriate decision.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

The benefits of this activity are generally provided to the community as a whole. The mayor and councillors represent the whole community and everyone benefits from the process of democracy.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Sometimes it is possible to identify a group of persons who might benefit from a particular Council decision, but it is not normal practice to charge them directly.

Does the activity benefit individuals (and if so, who)?

Although elected representatives may be able to identify those members of the public who contact them directly about specific issues, they are mainly there to represent the community and it is part of our democratic process that individuals making contact on issues are not charged directly for this service.

Period of benefits

What is the period in, or over which, benefits will occur?

The existence of a mayor and councillors, together with the need to hold elections, is a requirement of statute. As long as that requirement remains a legal obligation, then this activity will continue to take place. It is fundamental to the democratic process in this country.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

Neither individuals, nor groups, have any influence on the necessity to undertake this activity.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Community leadership is a key and important role. Funding separately the means by which this is achieved, is in itself, an important indicator of transparency and accountability. It is imperative that the integrity

of elected representatives and the process by which they govern is open to scrutiny in order that residents and ratepayers have confidence in the system.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external sources of funds available to fund this activity.

Are there other considerations to be taken into account?

Council undertakes public relations, advocacy, ceremonial functions for, and on behalf of, the community as a whole. This is consistent with the view that the community as a whole benefits from community leadership.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges			%
Rates:	Locality		
General rate	District	50	%
Uniform annual general charge	District	50	%
Targeted rate – land value			%
Targeted rate – capital value			%
Targeted rate – fixed charge			%
Targeted rate – water by volume			%
Targeted rate -			%
		<u>100</u>	%

Funding decision - capital expenditure

There is normally little capital expenditure in this activity and when it does occur, it is centred around providing tools to enable the elected representatives to carry out their responsibilities. Any such expenditure would be funded on the same basis as operating expenses.

DISTRICT PLAN

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The District Plan activity primarily contributes to achievement of the 'Natural Environment', Coast and Beaches', Diversity and Character',

'Heritage and History', and 'Planning, Growth and Development' community outcomes, namely:

Our communities recognise and value the natural environment:

- *The Peninsula's distinctive natural landscape is retained*

The natural values of our coast and beaches are respected and enhanced:

- *The negative impact of people is minimised*

The diversity and character of our communities and the uniqueness of the Peninsula is a valued part of our lifestyle:

- *We live in attractive towns*

The Peninsula's long and rich history is valued and preserved:

- *Our heritage buildings and sites are preserved*

The needs of both local and visitor communities is met through sound planning, ahead of growth and development.

Council has a statutory responsibility under the Resource Management Act 1991 to prepare, implement and administer a District Plan. The District Plan identifies issues and develops objectives, policies, and rules to guide the management of the effects of land use activities on the environment. The ultimate purpose of the District Plan is to ensure the sustainable management of the natural and physical environment of the Thames-Coromandel District.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

By providing guidelines and rules for the use of the land resource throughout the district, the District Plan provides benefits for all persons by ensuring that the developments which occur maintain environmental and community standards.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Particular parts of the District Plan may benefit identifiable parts of the community but because it supplies overall benefits to the whole community, it is not practical to identify all the different parts and recover costs on that basis.

Does the activity benefit individuals (and if so, who)?

Sometimes a developer may wish to undertake something which is not permitted under the existing plan and seeks to alter it to make provision for this activity. This becomes a privately initiated change to the District Plan and may involve significant cost to Council even though it benefits one particular individual or group of individuals. In these circumstances Council endeavours to recover its costs.

Individuals also benefit from having a reliable District Plan that delivers on priorities and assists in maintaining, or even increasing, the investment they have made in property.

Period of benefits

What is the period in, or over which, benefits will occur?

The Council has a statutory obligation to undertake this activity and the benefits will therefore continue into the foreseeable future, or until the responsibility and authority is taken away from Council by statute.

Need to undertake activity

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

This activity is carried out due to a statutory responsibility under the Resource Management Act 1991. Council is required to, at all times, have a district plan and is required to have reviewed that plan 10 years after it becomes operative.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

The costs of developing, maintaining, and reviewing a District Plan is significant to the district. Council therefore considers it should be funded separately in the interests of transparency and accountability.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external sources of funds available to fund this activity but Council does charge for privately initiated plan changes.

Are there other considerations to be taken into account?

Apart from privately initiated changes, the District Plan generally benefits the community as a whole. It is reasonable therefore that the community as a whole should pay for the cost of this activity.

Revenue and Financing Policy

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges			%
Rates:	Locality		
General rate	District	65	%
Uniform annual general charge	District	35	%
Targeted rate – land value			%
Targeted rate – capital value			%
Targeted rate – fixed charge			%
Targeted rate – water by volume			%
Targeted rate -			%
		100	%

Funding decision - capital expenditure

There is no capital expenditure associated with this activity.

DISTRICT ROADING

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The District Roding activity aligns best with the 'Planning, Growth and Development' community outcomes, namely:

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *We have quality infrastructure and services (including health and education)*
- *Our transport networks are reliable, safe and innovative.*

Under the Local Government Act 2002, all public local roads within the Thames-Coromandel District that are not state highways, are vested in Council. This confers various general powers in relation to the management of roads, including their formation and maintenance.

In addition to the carriageway and bridges, the roading network includes all facilities associated with safety and preservation of roads. Footpaths and associated furniture are part of the local works activity discussed under the activity title Community Roding.

Extensions to the network usually come through developers vesting roads in Council at the completion of sub-division works.

State highways are constructed and maintained by Transit New Zealand.

Council believes a well-maintained and operative roading network contributes to the desired outcome.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

The provision of an effective and well planned roading infrastructure is an expectation of a modern motorised society, and the lack of an efficient system would be detrimental to the district as a whole. Residents, businesses and visitors all benefit from having a roading network that is safe, convenient and comfortable for the passage of all classes of users. Even housebound people benefit from the availability of roads through the services that visit them. It would be difficult to identify any non-users of the roading network as most parts of a modern society rely to some degree on transport.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

All sectors of the community benefit from the activity of roading. It is not easy to identify them as being different from the public in general. It is possible in the case of new roads constructed for subdivisions to identify the beneficiaries who, in this instance, pay for the cost of the new roads through their section prices.

Does the activity benefit individuals (and if so, who)?

All individuals benefit from the roading network, although some more than others. It could be said that motorists are the group receiving the most benefit because without cars and trucks, roading could be provided much more cheaply.

Certain roads provide access to individuals, or small groups of people rather than the community at large and Council must weigh up the costs and benefits of significant expenditure on roads that can be seen to benefit very few people.

Period of benefits

What is the period in, or over which, benefits will occur?

As local roads are vested in Council under statute, this activity will continue to occur into the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

The private sector does not provide a roading network unless it is for its own use such as occurs in the forestry industry. It is therefore necessary for some public agency to provide the activity and central government has chosen that to be local authorities, except for the provision of state highways. (Access to private property off the roads is the responsibility of the property owner.)

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Roading is the single biggest budget item of Council and accounts for nearly 40% of expenditure. It is therefore most appropriate to fund the activity separately in the interests of transparency and accountability.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

Transfund New Zealand provides substantial funding for the roading network by way of subsidy. This currently varies between 43% and 53% depending on the type of work being carried out. In times of excessive maintenance and repair because of flood damage the subsidy may go higher.

Council also shares in a contribution from central government through the petroleum tax scheme which is credited against the cost of maintaining the roading network.

User fees are not charged directly to road users. While the technology is available to determine use by individual motorists, no mechanism is in place for billing. In some cases it is possible to levy toll charges but there are no instances of this in the Thames-Coromandel District.

Commercial road users are targeted by central government through road user charges and petroleum tax which comes back to Council through the Transfund subsidies.

Are there other considerations to be taken into account?

Road use is considered to be reasonably even across most socio-economic groups. There is little evidence that the owners of high valued property make significantly greater use of roads than the owners of lesser-valued property. However, where properties have been developed, then there is a case to say that the users of highly developed properties will make greater use of roads. The users

causing the most maintenance to roads are heavy transport operators who cannot be targeted individually by Council.

An efficient roading network provides an essential public service in allowing medical and emergency vehicles access to all parts of the peninsula.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges			
Rates:	Locality		%
General rate	District	35	%
Uniform annual general charge	District	30	%
Targeted rate – land value			%
Targeted rate – capital value	District	35	%
Targeted rate – fixed charge			%
Targeted rate – water by volume			%
Targeted rate -			%
		<u>100</u>	%

Funding decision - capital expenditure

Capital expenditure may be incurred for seal extension (including butt seals), seal widening, safety projects, pavement treatment, major bridge repairs, major drainage control, seal smoothing, and street lighting. All of these categories, except seal extension, are funded from depreciation reserves and, if necessary, rates, in the year the expenditure is incurred.

Seal extension is a major cost item and brings about substantial improvement to the roading asset. This work is funded by loan if no other sources of funds, such as reserves, are available. The repayment of the debt is funded in the same way as operating expenses.

ECONOMIC DEVELOPMENT

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Economic Development activity aligns best with the 'Local Economies' community outcome, namely:

Revenue and Financing Policy

Our local economies reflect the spirit of the Peninsula:

- *We support tourism that enhances and protects our natural environment*
- *We encourage the co-ordinated and professional approach to key events and promotions.*

Council's involvement in this activity is through a desire to see co-ordinated business development in the district. For many years Council has made a grant to Tourism Coromandel to promote visitors to the district, especially during the off-season, and in addition has provided some funding for the operation of information centres. More recently, funds have been made available to support a person whose key role is the promotion of the district. The role is expected to bring economic benefits to the district over time.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

There is some benefit to the whole community through having a co-ordinated approach to business development rather than an ad hoc approach. If the district is prosperous, then everyone shares to some degree in that prosperity.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

The activity is seen to provide benefits to the business community, including the rural sector, but other groups can also benefit from the activity. Promotion of the district via other events of a social or sporting nature can bring benefits not only to business, but also to non-profit organisations whose goals are centred more around social activity.

Does the activity benefit individuals (and if so, who)?

Economic development is seen to primarily benefit businesses. While there is a spin-off for the public generally, and other groups, the economic boost to the area benefits those who are in business.

Period of benefits

What is the period in, or over which, benefits will occur?

Council has been in the business of promoting the district for a number of years to some extent, but a growing awareness that increased economic activity is of benefit to an economically sustainable community has led Council to venture into an expansion

of this activity. The benefits will therefore move into the future but the extent to which this happens depends on the return that Council sees for its investment. It is fair to say that not everyone living and visiting the peninsula is in favour of further growth.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

There are various business associations within the district but their focus is more on their local communities. No-one appears to take a lead role in promoting economic growth district-wide apart from Tourism Coromandel which is funded by individuals and by Hauraki District Council and this Council. Many individual businesses promote themselves but it tends to fall on Council to provide a co-ordinated approach.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Council believes that the provision of this activity contributes to the desired community outcomes (above) and because it is a growing activity, that funding should be discrete from other activities in the interests of transparency and accountability.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external funds available to this activity. Direct user charges are not seen to be a practical answer to funding, but rather the use of a rate targeted towards the industrial/commercial and rural property-owner is more appropriate.

Are there other considerations to be taken into account?

Council believes it is important to recognise the wider public benefit that comes from economic growth within the district and that this should be recognised in any funding of the activity.

It is also believed that a targeted rate on the value of improvements is the appropriate funding tool to target the business and rural sector as it reflects the size of the business/rural facility which benefits.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges				%	
Rates:		Locality			
General rate		District		%	
Uniform annual general charge		District	40	%	
Targeted rate – land value				%	
Targeted rate – capital value				%	
Targeted rate – fixed charge				%	
Targeted rate – water by volume				%	
Targeted rate – value of improvements			60	%	levied on industrial/commercial, forestry and rural properties
		<u>100</u>		%	

Funding decision - capital expenditure

There is no capital expenditure in this activity.

EMERGENCY MANAGEMENT

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Emergency Management activity aligns best with the 'Our Communities', and 'Planning, Growth and Development' community outcomes, namely:

Our communities are healthy, cohesive, caring and supportive:

- *We protect and support our communities, families, the vulnerable and those at risk*

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *Our communities are prepared for emergencies.*

Council has a statutory obligation to guard against, and to prevent, reduce, or overcome the effects, or possible effects, of a wide range of emergency events which might endanger the public. It must have a civil defence plan to reflect this obligation. The council is also a statutory rural fire authority and is required to have a rural fire plan. It

provides these services through a joint committee with Matamata-Piako and Hauraki District Councils. In addition, Council provides grants to surf life saving, through this activity.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

The activity does provide benefits to the community as a whole particularly in respect of the civil defence operation. Civil defence emergencies can be declared over the whole district or part of the district depending on circumstances. The provision of emergency services can be seen to be in the nature of an insurance policy. Everyone in the district contributes to the "premium" but an emergency may benefit just a few people.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Rural fires tend to benefit smaller areas of the community, and perhaps even just one property. Civil defence can also benefit one part of the community depending on the nature and severity of the event. Grants to surf life saving groups generally provides benefits to individuals, be they local or visitors, in providing an element of security for those taking part in water activities. With the exception of rural fires in some instances, it is mostly not practical to identify and charge the beneficiaries.

Does the activity benefit individuals (and if so, who)?

Individuals definitely benefit from these services, especially if they have their lives or property preserved as a result of a particular emergency service being available.

Period of benefits

What is the period in, or over which, benefits will occur?

Council has a statutory obligation to provide civil defence and rural fire emergency services. The benefits will therefore continue to be provided as long as this obligation remains in place. Assistance with life saving groups, also has the commitment of Council. The extent of the coastline around the district and the high level of recreational water activity means the activity will continue to exist into the foreseeable future.

Revenue and Financing Policy

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

No private sector organisations provide civil defence or rural fire services although response to fire events is carried out by other public bodies. However, their activity is centred more around urban areas. Apart from this, as mentioned previously, Council has a statutory obligation to undertake the activity.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Emergency management is unlike any other activity of Council and is quite discrete in nature. It has a very high public profile at times of emergency and Council wishes to make clear the separate funding mechanisms for reasons of transparency and accountability.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

Some subsidies and assistance are received from the National Rural Fire Authority and Ministry of Civil Defence and Emergency Management. User fees are charged to anyone able to be identified as causing, or contributing to rural fires. Revenue from this latter source is negligible.

Are there other considerations to be taken into account?

The only practical way to fund these services is by way of rates. There is no direct-charge mechanism available to Council even if it could directly identify the beneficiaries. While all properties benefit by the availability of emergency management, it is considered that higher value properties receive more value from the protection.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges

Rates:	Locality		%
General rate	District	50	%
Uniform annual general charge	District	50	%
Targeted rate – land value	Board		%
Targeted rate – capital value			%
Targeted rate – fixed charge	Board		%
Targeted rate – water by volume			%
Targeted rate -		<u>100</u>	%

Funding decision - capital expenditure

The only capital expenditure in this activity is the supply of plant and vehicles and sometimes office equipment. This is normally funded by depreciation reserves, but may also be funded from rates if the amounts are relatively small. When funded from rates, Council uses the same policy as for funding operating expenses.

HALLS

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Halls activity aligns best with the 'Our Communities' community outcome, namely:

Our communities are healthy, cohesive, caring and supportive:

- *Communities are culturally enriched, active and informed.*

Council owns and manages a number of community halls around the district and also contributes by way of grants to other hall owners (hall committees or incorporated societies) for their contribution to the social fabric of their communities. They are also frequently memorials and thereby represent a sign of respect to past generations. Community halls are seen by Council to be essential to the community in that they provide venues for a variety of sporting, cultural and social activities which are very much part of community life. In very small communities, they are often the only physical facility provided for, or assisted by, Council for social purposes.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

Community halls frequently provide a venue for public meetings, public consultation and public engagement. In this respect they can be seen to benefit the community district-wide as frequently district-wide issues are discussed and consulted upon.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Community halls do benefit identifiable groups within the community such as sporting bodies, cultural groups, and other groups of users.

Does the activity benefit individuals (and if so, who)?

Individuals frequently benefit from the use of the halls when they are hired for social events such as weddings, parties and other family or personal occasions.

Period of benefits

What is the period in, or over which, benefits will occur?

Council is committed to its role in providing for halls to remain in the communities to enhance the social, cultural, and recreational health of those communities. For this reason, this activity will continue to operate in the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

Private enterprise does not provide hall facilities as it is very difficult, if not impossible, to recover the full costs of operating them. Any reasonably sized hall is a very big capital investment and usage of halls is not high. Other operators of halls such as schools, also make halls available to community groups thus reducing the occupancy level of Council owned, or supported, community halls.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

No similar activity exists in Council. Funding the activity distinctly from other activities permits the most effective and efficient delivery of the service and a greater accountability in its operations.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external sources of funds to assist this activity. However, user charges can be made. In considering user charges, Council needs to take into consideration the competition from other venues, and also the ability of community groups to pay. In the case of private functions, Council endeavours to recover full costs but again, occupancy levels are not high and this is not always possible.

Are there other considerations to be taken into account?

The biggest costs of the activity are fixed in nature and can be quite high. It is not possible to recover these high fixed costs from the low occupancy rates achieved for most halls. In many cases, there is considerable voluntary effort that goes into running and maintaining halls and this is not taken into calculations when assessing charges. The primary reason why so many people make a voluntary contribution is attributed to the view that halls are very important to the various communities they serve.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		15	%
Rates:	Locality		
General rate	District		%
Uniform annual general charge	District		%
Targeted rate – land value	Board	25	%
Targeted rate – capital value			%
Targeted rate – fixed charge	Board	60	%
Targeted rate – water by volume			%
Targeted rate -			%
		<u>100</u>	%

Funding decision - capital expenditure

Capital expenditure in this activity usually consists of relatively minor amounts when replacement of chattels occurs, or very big sums when major hall renovations take place. For replacement of chattels funding comes from depreciation reserves. For major construction or renovation, funding can come from financial reserves or loans. Often the community fund-raises itself when major work is proposed. It is also possible to build or improve halls partially using development

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contributions. Servicing of debt from rates is funded in the same manner as operating expenses.

HARBOUR FACILITIES

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Harbour facilities activity aligns best with the 'Coast and Beaches' and the 'Planning, Growth and Development' community outcomes, namely:

The natural values of our coast and beaches are respected and enhanced:

- *Appropriate coast and beach access and facilities are provided.*

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *We have quality infrastructure and services (including health and education)*
- *Our parks, reserves, sport and active recreation facilities are provided, maintained and developed to meet future growth.*

The regional council has responsibility for managing navigable waters and navigational safety. Council's responsibilities in this activity centre around the management of reserves land above mean high water springs and any facilities attached to, or built on these reserves. These include wharves, jetties, pontoons, and launching ramps and are the main focus of the activity entitled harbours. Harbour committees exist to consult with harbour users, the Community Boards, Council and Environment Waikato. The use of harbours and associated facilities is of major recreational value to residents and visitors alike.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

Attractive harbours and associated recreational facilities are seen to benefit the district as a whole in that they help to attract visitors and tourists to the district thus contributing to the economic viability of the wider community. Resident can also travel to any part of the peninsula and use these facilities.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

The activity generates benefits to recreational groups such as boating clubs. It also benefits commercial operators of fishing vessels.

Does the activity benefit individuals (and if so, who)?

"Boaties" are the people who benefit mostly from the harbour facilities provided by this activity but also individual swimmers and partakers in other aquatic sports such as water skiing also benefit.

Period of benefits

What is the period in, or over which, benefits will occur?

Council sees its role of providing facilities within the harbour environment as important to provide recreational opportunities to resident and visitors alike. It also sees that providing facilities for commercial operators is important economically for the district. The enactment of the Seabed and Foreshores Act 2004 will require Council to review its degree of involvement in this activity. The longer term provision of benefits is therefore subject to review.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

The private sector does get involved in providing facilities around harbours, such as marinas. However, because of the need to fully recover costs, and provide a return, these facilities are often financially outside the reach of persons on modest incomes. Therefore, generally speaking, it falls to Council to provide the facilities for recreational use as there is limited private sector involvement.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Although harbour facilities is in a sense just another group of structures on Council reserves land, and as such could be grouped and funded with parks and reserves, it has nonetheless been funded historically as a separate activity mainly because of its high profile in a district almost encircled by the sea. Council wishes to continue separate funding for these reasons.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external sources of funds but quite a variety of user charges are able to be collected. Where economically feasible, charges are made for the use of wharves, jetties and boat ramps. In particular, commercial operators pay "wharfage" and in Coromandel harbour there is income derived from other levies. In other places charges are made for parking boat trailers and use of boat sheds. Whether it is economic to charge or not depends on how easy it is to identify users and if there is likely to be sufficient revenue to put in place a charging mechanism.

Are there other considerations to be taken into account?

Quite a number of users of harbour facilities cannot be easily identified without staffing and monitoring the use of the various structures. This is frequently not practical and as such it becomes necessary to fund part of the costs of the activity from rates.

As harbour facilities are accessed by numerous visitors and "locals" from across the peninsula, it was seen to be more appropriate to fund this activity district-wide. This would also allow for standard fees and charges at all harbours to be implemented. However, after considering submission on harbours, Council decided to leave the activity to be funded by Community Boards.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		50	%
Rates:	Locality		
General rate	District		%
Uniform annual general charge	District		%
Targeted rate – land value	Board	25	%
Targeted rate – capital value			%
Targeted rate – fixed charge	Board	25	%
Targeted rate – water by volume			%
Targeted rate -			%
		<u>100</u>	%

Funding decision - capital expenditure

Capital expenditure in this activity can be quite high. Refurbishment work on wharves and the like is usually funded from depreciation

reserves. New structures may be funded by development contributions, or by loans. Sometimes small capital works are funded from rates and operating revenue. Loan repayments are funded in the same manner as operating expenses.

HAZARDS

Community outcomes

What are the community outcomes to which the activity primarily contributes?

Sustainable economic growth.

The Hazard Management activity primarily contributes to achievement of the 'Natural Environment', 'Our Communities', and 'Planning, Growth and Development' community outcomes, namely:

Our communities recognise and value the natural environment:

- *Our catchments are protected through good land management*
- *Our waterways are clean and healthy.*

Our communities are healthy, cohesive, caring and supportive:

- *We protect and support our communities, families, the vulnerable and those at risk*
- *Our communities are safe (including adequate law and regulation enforcement)*

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *Our communities are prepared for emergencies*

The natural values of our coast and beaches are respected and enhanced:

- *The negative impact of people is minimised*
- *Appropriate coast and beach access and facilities are provided*

This activity deals with managing the risk to life, property, and community networks, usually from some unexpected source or unplanned extreme event. Examples are: floods, coastal erosion, landslip. Costs can be incurred for immediate response to protect public property, investigative work, remedial work, preventative work, mitigation, and liability management. It is because it is in the interests of both the local and wider community to ensure its towns and

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neighbourhoods have an image that will attract visitors and development, that Council sees this activity contributing to sustainable economic growth.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

The district-wide benefits hinge around the need to present the peninsula as an attractive and safe place to live, work and play, thus underpinning the thought that people will be attracted to come to the district.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

In the same way as the district is benefited, so too are identifiable parts of the community, such as individual settlements. A township free of flooding problems, for example, is a far more attractive proposition for building a home in than a community that suffers regular damage from floodwaters.

Does the activity benefit individuals (and if so, who)?

The majority of benefits do accrue to individuals. This is because in the main, hazards work is to do with protecting individual properties. If a Council property is affected by hazards, the activity concerned, such as roading, funds its share of costs. It is therefore appropriate to recognise the very definite individual benefit generated.

Period of benefits

What is the period in, or over which, benefits will occur?

This activity is relatively new to Council. The first major project funded as a "hazard" was the flooding at Moanataiari some years ago. This was originally a Council sub-division and there was a high public expectation that Council should become involved in providing protection to properties. Since then, there has also developed, an expectation that Council should become involved in other hazards. This aligns with Council's statutory mandate to address the issue of natural hazards through the provisions of the Resource Management Act 1991 and the Civil Defence and Emergency Management Act 2002. Council's role is defined by these statutes and includes controlling land use to avoid and mitigate the effects of natural hazards and the requirement to co-ordinate with other local authorities to improve and promote the sustainable management of hazards through programmes of reduction, readiness, response and

recovery. It follows then, that as long as events of this nature occur, and as long as there is a statutory mandate and public perception that Council should be involved in hazard management, the activity will continue into the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

It is possible sometimes that the inactions, or actions, of other persons can contribute towards the need to undertake the activity. Each case would have to be examined on its merits and the possibility of some funding from that source investigated.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

This activity is a core business of Council. Any work undertaken as a result of a hazard, can be very expensive and because it affects people's lives, homes and personal property, it often becomes a very emotional issue. For these reasons, it is wise to fund the activity separately so that it can be seen quite clearly how the process is managed in financial terms.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are normally no external sources of funds, although Council believes that it should be free to approach central government if it feels that is an appropriate course of action. It is difficult to see how user charges could apply but that might be possible if there are exacerbator elements that could be identified and applied.

Are there other considerations to be taken into account?

The Moanataiari flood protection works that occurred some years ago, happened before Council had a policy on funding hazards. The method of funding was arrived at after considerable public consultation and is peculiar to that particular project. In addition, because a lump sum option was offered on that scheme, the funding mechanism must remain the same for the life of the loan raised to fund that part that was not taken up in lump sums. If not, ratepayers who elected to take the lump sum option, could be disadvantaged.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

		Moanataiari Project %	Other Hazards Projects %	Strategic Hazards Management %
Fees and Charges				
Rates:	Locality			
General rate	District	11 %	10 %	65 %
Uniform annual general charge	District	%	%	35 %
Targeted rate – land value	Board	34 %	10 %	%
Targeted rate – capital value		%	%	%
Targeted rate – fixed charge	Board (s/w)	28 %	%	%
Targeted rate – water by volume		%	%	%
Targeted rate – fixed charge	Area of Benefit	27 %	80 %	%
		<u>100</u> %	<u>100</u>	<u>100</u>

Funding decision - capital expenditure

Capital works in this activity are usually to prevent, or mitigate, hazards continuing to endanger lives and property. Council would fund such capital work by loan and fund the debt servicing and loan repayments in the same way as operating expenses.

HEALTH LICENSING

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Health Licensing activity primarily contributes to achievement of the 'Our Communities' community outcomes.

Our communities are healthy, cohesive, caring and supportive

- *Our communities are safe (including adequate law and regulations enforcement)*

This activity covers the regulatory functions associated with the registration and inspection of premises for the purpose of protecting public health.

All food premises, including mobile shops, camping grounds, hairdressers and places of assembly are required to be registered by Council. The statutory requirements that Council must meet are

specified in the Health Act 1956, Local Government Act 2002, the Health, Registration of Premises Regulations 1966, the Food Hygiene Regulations 1974, Resource Management Act 1991 and the Hazardous Substances and New Organisms Act 1996.

This activity contributes considerably to the desired outcome complying with the various pieces of legislation listed in the previous paragraph through inspection, registration, investigation and enforcement.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

The primary purpose of public health legislation, which Council administers, is to protect the consumer. Therefore the consumer, represented as the wider community, is the ultimate beneficiary of public health services. The community as a whole benefits from the activity because even if a member of the community never enters a registered premise, they will undoubtedly be in contact with people who do. The responsibility for investigation of communicable diseases ensures that cases of these are monitored and reported to the Ministry of Health. Thus the Ministry receives a benefit as it has access to trained field staff working for Council.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Any part of the community that uses or enters premises that come under the health legislation, benefit from the need for the premise to be registered in that they can rely on certain health standards being in force.

Does the activity benefit individuals (and if so, who)?

The activity benefits those individuals who operate under licensed premises because the licence allows them to operate their business. The cost of the activity is recovered largely by user charges made to the owners of the various business operations because they are easily identifiable, and they can recover those costs from their customers.

Period of benefits

What is the period in, or over which, benefits will occur?

This activity is carried out as a statutory obligation and it fits within Council's desired outcome of a healthy community. For these reasons, the activity will continue unless the statutory requirement disappears,

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which is extremely unlikely. The activity will therefore continue into the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

If the owners and operators of registered premises complied with all the health legislation without licensing or coercion, there would be no need for the activity. If they do not comply they are required to remedy the problem area.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Council believes the provision of the service provided by this activity is important in achieving its desired outcome of a healthy community. The level of charges that can be recovered from licensees is different to other licensing activities of Council and it is therefore considered to be more transparent to fund this activity separately.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external sources of funds but Council is able to impose direct charges on the licensees within the parameters set out in the legislation. However, because of the statutory limitations, full cost recovery is not possible.

Are there other considerations to be taken into account?

Some fees that can be charged for environmental health activities are limited by legislation. The costs associated with the enforcement of health requirements and education initiatives are not recoverable.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		Licensing 70 %	Monitoring and Enforcement 5 %
Rates:	Locality		
General rate	District	%	30 %
Uniform annual general charge	District	30 %	65 %
Targeted rate - land value		%	%
Targeted rate - capital value		%	%
Targeted rate - fixed charge		%	%
Targeted rate - water by volume		%	%
Targeted rate -		%	%
		<u>100 %</u>	<u>100 %</u>

Funding decision - capital expenditure

There is no capital expenditure in relation to this activity.

LAND AND BUILDINGS

Community outcomes

What are the community outcomes to which the activity primarily contributes?

This activity primarily contributes to the 'Our Communities' and 'Local Economies' community outcomes, specifically:

Our communities are cohesive, caring and supportive:

- *We protect and support our communities, families, the vulnerable and at risk*
- *We have healthy, affordable housing.*

Our local economies reflect the spirit of the Peninsula.

This activity manages Council's portfolio of land and buildings other than reserves land. This includes administration buildings, depots leased by contractors, various lease lands and Council's one remaining group of units to house the elderly in Coromandel. From time to time, Council purchases properties for future development of roads and other infrastructure. Until required for their intended purpose, these properties are also administered under this portfolio. In this way, the activity contributes towards the economic viability of the district.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

There are no direct benefits to the district as a whole except that the operation of Council itself depends upon the existence of administration buildings. However, it could be argued that these could be leased by Council and it is not necessary to own them.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

There is no direct benefit to any identifiable part of the community except for leaseholders who pay direct fees in return for the benefits.

Does the activity benefit individuals (and if so, who)?

Individuals who lease Council land and buildings, including tenants of the remaining housing for the elderly, benefit directly from the availability of these lease properties and as such are expected to meet the cost of the activity. However, it is not always possible to achieve a commercial rate of return and the activity usually operates at a deficit.

Period of benefits

What is the period in, or over which, benefits will occur?

Council has determined to divest itself of all properties that are surplus to requirement and retain only those properties that are seen to be of strategic value. It is difficult to imagine any times that Council will not have to own some property portfolio and therefore the activity will continue into the foreseeable future, albeit to a lesser and lesser extent.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

To the extent that the private sector does not appear to provide adequate buildings for administrative purposes that Council could lease, it is necessary to be involved in this activity. There are also some historical reasons why the actions of some people require Council to undertake this activity such as leaving property as an endowment.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

This activity is seen as being of benefit to individuals only and should not involve the input of rating revenue. For this reason, to ensure transparency of funding, Council chooses to fund this activity separately.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

User fees in the form of rents are the predominant revenue source from this activity and is expected to fund the majority of expenses.

Are there other considerations to be taken into account?

If revenue from rents is insufficient to cover costs, Council has traditionally funded any deficit from its property financial reserve account, except for housing for the elderly, which has its own financial reserve.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		100	%
Rates:	Locality		
General rate	District		%
Uniform annual general charge	District		%
Targeted rate – land value			%
Targeted rate – capital value			%
Targeted rate – fixed charge			%
Targeted rate – water by volume			%
Targeted rate -			%
		<u>100</u>	%

Funding decision - capital expenditure

Capital expenditure in this activity usually occurs when upgrading or replacement of administration buildings is required. This is funded from depreciation reserves in the first instance and then either by using property reserves money or by loan. The purchase of property for strategic purposes can also be funded from the property reserve, or alternatively, may be funded by the activity that will use the property at some future point, for example, roading.

Revenue and Financing Policy

LAND DRAINAGE

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Land Drainage activity aligns best with the 'Planning, Growth and Development' community outcome, namely:

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- We have efficient and effective water and waste services

Land drainage systems are similar to stormwater in that they minimise the risk of flooding. They are all established in rural areas and consist of farm drains and streams. They operate almost as co-operatives facilitated by Council.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

As the schemes are very localised and small in nature it is difficult to see how they provide benefits district-wide.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

The schemes do provide benefits to their local communities in ensuring access to all parts and protection from flooding generally.

Does the activity benefit individuals (and if so, who)?

The prime beneficiaries are the farms and properties that benefit from the activity.

Period of benefits

What is the period in, or over which, benefits will occur?

A suggestion has come from the regional council, Environment Waikato, that these land drainage schemes may more appropriately come under their umbrella of responsibility than that of Council. This has come about after being approached by various farming groups. Consequently, the continuation of this activity in Council's hands may well be limited to just the next two to three years.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

As stated earlier, Council's involvement in this activity is largely as a facilitator. The communities concerned, could well take over the management of these small schemes but until now have preferred Council to do so because of its ability to rate for funding.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

As this activity is likely to be of a temporary nature to Council, and because the funding is very targeted towards a small number of properties, Council has decided in the interests of transparency, and equity of recovering costs, that it should be subject to a separate funding policy.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external sources of funds available. No direct user fees or charges are imposed.

Are there other considerations to be taken into account?

This activity is very much undertaken to provide assistance to small groups of people trying to mitigate the possibility of flooding and damage to property. In this regard, it fits into the community's expectation that Council will contribute to an unspoiled environment and having a safe and secure community.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		%
Rates:	Locality	
General rate	District	%
Uniform annual general charge	District	%
Targeted rate – land value	Board	20 %
Targeted rate – capital value		%
Targeted rate – fixed charge		%
Targeted rate – water by volume		%
Targeted rate - land value	Area of Benefit	80 %
		100 %

Funding decision - capital expenditure

There is unlikely to be further capital work undertaken by Council in any of these schemes. If there was, then Council would expect the ratepayers directly benefiting from the work to bear the cost of any construction work.

LAND INFORMATION MEMORANDA

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Land Information Memorandum activity indirectly contributes to achievement of the 'Our Communities' and 'Heritage and History' community outcomes, namely:

Our communities are healthy, cohesive, caring and supportive:

- *Our communities are safe (including adequate law and regulation enforcement)*
- *We have healthy, affordable housing*

The Peninsula's long and rich history is valued and preserved:

- *Our heritage buildings and sites are preserved*

Under the Local Government Official Information and Meetings Act 1987, any person may apply to Council for a land information memorandum (LIM) in relation to matters affecting any land in the district. While this is a statutory obligation, it nonetheless contributes towards the desired outcomes, in that it provides potential land owners with certain assurances in relation to any property they may wish to purchase or improve.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

The activity does not generate benefits to the community as a whole.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

The activity does not generate benefits to any identifiable part of the community.

Does the activity benefit individuals (and if so, who)?

The activity directly benefits the individual who applies for the LIM by providing all information Council holds pertaining to a particular property.

Period of benefits

What is the period in, or over which, benefits will occur?

Council has a statutory obligation to carry on this activity and it will continue to do so in the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

No private agency has the ability to carry out this activity so it falls to Council to do so.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

This is a small, but discrete, activity of Council which is funded entirely by user pay. For this reason the funding policy issues are kept separate from other activities in the interests of transparency.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external sources of funds. User fees are levied from applicants to cover the entire cost of the activity.

Are there other considerations to be taken into account?

There are no other considerations to be taken into account.

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Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		100	%
Rates:	Locality		
General rate	District		%
Uniform annual general charge	District		%
Targeted rate – land value			%
Targeted rate – capital value			%
Targeted rate – fixed charge			%
Targeted rate – water by volume			%
Targeted rate -			%
		100	%

Funding decision - capital expenditure

There is no capital expenditure in this activity.

LIBRARIES

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Libraries activity primarily contributes to the 'Our Communities', 'Heritage and History', and the 'Planning, Growth and Development' community outcomes, namely:

Our communities are healthy, cohesive, caring and supportive:

- Communities are culturally enriched, active and informed

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- We have quality infrastructure and services (including health and education).

Council has historically been involved in the provision of library services throughout the district, either by way of direct ownership and control, or by providing some resources, both cash and services, to independently operated libraries. Core services provided are: books of fiction and non-fiction for adults and children, magazines, periodicals, newspapers, talking books, archives, genealogical and historical information, videos, compact discs, and internet facilities.

They also interlink within the district and have links with the National Library Service for inter-loan books.

Libraries are an important part of the informational, educational, cultural and recreational make up of the district. They fulfil an essential role by enabling all people in the district to access a core of information required for their well-being.

Council owned and operated libraries in Thames and Whitianga, provide free access to the majority of the book collections while other independently operated libraries usually make a charge for books taken out by borrowers.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

Libraries are seen to be of benefit to their local communities. The Local Government Act 2002 requires Council to provide free membership to all residents of the district if Council, or a Council-controlled organisation, provides a library for public use. Therefore, anyone living on the Coromandel Peninsula can benefit from the services provided by the Thames and Whitianga libraries.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Apart from the requirement for the Thames and Whitianga libraries to provide free membership to any resident, which is a district benefit, libraries are seen to benefit their local communities.

Does the activity benefit individuals (and if so, who)?

The main beneficiaries of library services are individuals, through the provision of educational, recreational and informational resources for their own use. (By providing residents with a sense of pride surveys have shown that some ratepayers are willing to contribute, through rates, even though they acknowledge they may never use the services themselves.)

Period of benefits

What is the period in, or over which, benefits will occur?

Council currently has a commitment to continue to provide library services in its various forms to residents and ratepayers of the district. The benefits described under this activity will therefore continue to occur for the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

The inability of the market to provide library services in the district coupled with community action groups expecting such services to be available, both contribute to the need for Council to undertake and/or support the activity.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

No similar activity exists in Council. Funding the activity distinctly from other activities permits the most effective and efficient delivery of the benefits of the service. As such, it enhances transparency and accountability in the delivery of the service.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

Customers of the libraries (Thames and Whitianga) are charged to borrow items such as magazines, periodicals, some fiction and audio-visual material. Charges also apply to photocopying, internet, and inter-loan services. Fines are levied on overdue items. Revenue from these items is budgeted to produce around 10% of funding needs in Thames and 5% in Whitianga.

The Thames library has a Friends of the Library group which obtains funding from a variety of external sources to provide non-core resources.

Are there other considerations to be taken into account?

There is strong support within some communities to provide a free library service for most fiction and non-fiction. Any charge for general borrowing is perceived to affect lower income households, and would exclude some people including children, older people, students and beneficiaries, all of whom are heavy users of the library. For this reason, libraries have traditionally been funded by a mix of rates and user charges, with the bulk being provided by rates.

The educational, leisure, and cultural values of libraries to the communities within which they operate, provide a sense of pride in the ability of the community to cater for all people, regardless of socio-economic status. This is seen as an equitable distribution of library services, that is, anyone can access them at little or no charge.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		10	%
Rates:	Locality		
General rate	District		%
Uniform annual general charge	District		%
Targeted rate – land value	Board	20	%
Targeted rate – capital value			%
Targeted rate – fixed charge	Board	70	%
Targeted rate – water by volume			%
Targeted rate -			%
		<u>100</u>	%

Funding decision - capital expenditure

Capital expenditure in this activity is mainly related to the purchase of new books, although from time to time other equipment such as computer hardware is required. These items are funded from depreciation reserves which have been accumulated from charging depreciation through operating expenses. The capital work is therefore funded on the same basis as operating expenses.

LIQUOR CONTROL

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Liquor Control activity primarily contributes to achievement of the 'Our Communities' community outcomes.

Our communities are healthy, cohesive, caring and supportive:

- *Our communities are safe (including adequate law and regulation enforcement)*

Under the Sale of Liquor Act 1989, Council is the district licensing agency for the Thames-Coromandel District. The functions of the district licensing agency are also defined in the legislation. The overall objective of the Sale of Liquor Act 1989 is to establish a reasonable system of control over the sale and supply of liquor to the public with the aim of contributing to the reduction of liquor abuse. It also ensures that liquor outlets have appropriately trained and certificated staff. Council also imposes liquor bans to prevent the consumption of

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alcohol in public places at certain places during certain times of the year, particularly holiday periods.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

The service provided by the activity is delivered to the same standard across the district and provides a degree of safety and security to the entire community especially in the application of liquor bans.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Different parts of the community have different rules for liquor bans. In this respect, a particular community can be identified as benefiting from a particular ban, but the administration cost of charging to different communities does not warrant community funding.

Does the activity benefit individuals (and if so, who)?

The activity benefits licensees in that they are unable to sell liquor without a licence. It also benefits individuals, both residents and visitors, by enabling them to drink socially and to obtain supplies of alcohol for private consumption. Liquor bans also benefit individuals who do not wish to be involved with persons drinking excessively in public places.

Period of benefits

What is the period in, or over which, benefits will occur?

Council has a statutory requirement to be involved in the activity of liquor licensing and the community wishes Council to control the consumption of liquor in public places. The activity and its benefits will therefore continue into the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

Some people who consume alcohol do so to excess with sometimes unpleasant results. In view of Council's desired outcome of a healthy, safe, and secure community, it is incumbent upon Council to try and prevent abuse by means of controls, quite apart from its statutory responsibility to do so.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Charges made to licensees are fixed by statute and full cost recovery cannot be achieved. It is therefore prudent to fund this activity separately in the interests of transparency.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

No external sources of funds are available but user charges are applied to licencees.

Are there other considerations to be taken into account?

Although people who consume alcohol are direct beneficiaries, it is not practical to identify and charge them accordingly. Rather, charges that are set by statute, are made to the licensees, who can in return, recover their costs from the consumers.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		70	%
Rates:	Locality		
General rate	District	20	%
Uniform annual general charge	District	10	%
Targeted rate – land value			%
Targeted rate – capital value			%
Targeted rate – fixed charge			%
Targeted rate – water by volume			%
Targeted rate -			%
		<u>100</u>	%

Funding decision - capital expenditure

There is no capital expenditure involved in this activity.

PARKS AND RESERVES

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Parks and Reserves activity contributes to the 'Natural Environment', 'Coast and Beaches', 'Our Communities', 'Heritage and History' and 'Planning, Growth and Development' community outcomes, namely:

Our communities recognise and value the natural environment;

- *The Peninsula's distinctive natural landscape is retained*

The natural values of our coast and beaches are respected and enhanced:

- *Appropriate coast and beach access and facilities are provided*

Our communities are healthy, cohesive, caring and supportive:

- *Communities are culturally enriched, active and informed*

The Peninsula's long and rich history is valued and preserved:

- *Our heritage buildings and sites are preserved.*

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *We have quality infrastructure and services (including health and education)*
- *Our parks, reserves, sport and active recreation facilities are provided, maintained and developed to meet future growth.*

Council owns and manages a large number of reserves within the district including passive recreational, active recreational, scenic, and historic reserves. Reserves provide opportunities for all types of recreational use thereby contributing to the health of the wider community. The presence of parks and reserves within the district makes the peninsula a green and pleasant place for the community as a whole to enjoy.

Reserves are primarily owned and managed by Council to preserve open spaces an important part of which is to enhance the natural environment by protecting unusual habitats, flora and fauna.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

Parks and reserves are available to all residents and visitors alike across the district. While the primary use is for the public domiciled within the area that the reserves are established, anyone from other communities can also access the amenities provided by the activity, as well as tourists from outside the peninsula and from outside New Zealand.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Some parts of reserves are leased to sporting and recreational bodies that often have sole right of use to that particular part of a reserve. These organisations pay a rental to Council for that right

Does the activity benefit individuals (and if so, who)?

The availability of parks and reserves amenities benefits individuals that use them and benefit others from visual impacts. Activities such as tramping, bird watching, picnicking, relaxing, barbecuing, and the use of playgrounds can all be individual activities. However, identifying and charging the individuals is not easy and probably not desirable.

Period of benefits

What is the period in, or over which, benefits will occur?

Council is committed to providing recreational facilities to its communities and continues to add to its stock of reserves land by frequently requiring developers to contribute appropriate open spaces. The benefits will therefore continue to occur in the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

The private sector does provide some sporting facilities but charges full cost recovery for the use of them. Free access to land is also provided by some owners of covenanted property together with other public authorities, such as the Department of Conservation. In addition, some schools make their sports grounds and play areas available for the public to use. Despite these other providers, there is still a fluctuating demand for other facilities around the peninsula, especially for areas like playgrounds, sports fields, barbecue and picnic sites and the like.

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Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

The parks and reserves activity has a high public profile and attracts a good deal of interest from local residents and visitors alike. Council believes the provision of this service is important to its community.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

Formal leases with sporting bodies and other groups and individuals provide some user fees. In addition, other venues can be charged for on an ad hoc basis in certain circumstances. Generally though, access to Council parks and reserves is unfettered and not charged for. Even where this is a charge, it is often not possible to recover full commercial rates. Some non-profit bodies object to paying market rentals.

After considering submissions, Council reduced the level of user fees from 7% to 5% to allow Community Boards flexibility in reducing rentals for qualifying non-profit organisations using Council parks and reserves.

It would be useful to be able to charge exacerbators who can cause considerable costs through such things as vandalism and graffiti but this is generally not achievable.

Are there other considerations to be taken into account?

It is important to ensure that cost is not a barrier to people accessing sports facilities and other reserve areas and a full charging regime is therefore not desirable, even where it may be possible. Council also provides assistance to many sporting bodies through its rates remission policy.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		5	%
Rates:	Locality		
General rate	District		%
Uniform annual general charge	District		%
Targeted rate – land value	Board	65	%
Targeted rate – capital value			%
Targeted rate – fixed charge	Board	30	%
Targeted rate – water by volume			%
Targeted rate -			%
		<u>100</u>	%

Funding decision - capital expenditure

Capital expenditure is funded through the use of depreciation reserves, development/financial contributions, rates (where the capital amounts spent are relatively small) and if necessary by loan. Council generally has not in the past funded capital works for this activity by loan preferring to meet the expenditure from currently available revenue. Any capital expenditure funded by rates will be funded on the same basis as the operating expenses.

PUBLIC CONVENIENCES

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Public Conveniences activity primarily contributes to the 'Coast and Beaches' and 'Planning, Growth and Development' community outcomes, namely:

The natural values of our coast and beaches are respected and enhanced:

- *The negative impact of people is minimised*
- *Appropriate coast and beach access and facilities are provided.*

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *We have quality infrastructure and services (including health and education).*

Council provides public conveniences in areas of high public usage, particularly in town centres and coastal areas of high amenity and

environmental value. The provision of this service by Council contributes to an un-spoiled environment as well as making the Coromandel Peninsula a more comfortable place to visit.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

Public conveniences are seen to benefit the whole district because of the high visitor and tourist activity. While it is true that local communities benefit because local people do use the conveniences, those same people also move across the district and make use of conveniences in localities other than their own.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Public conveniences contribute environmental and other benefits to residents at a local level but because the perception is that most users are visitors from inside, or outside the district, the comfort aspect of the service is not seen as a local benefit.

Does the activity benefit individuals (and if so, who)?

The greatest portion of the benefits is seen to be enjoyed by the individual user of the service.

Period of benefits

What is the period in, or over which, benefits will occur?

Council currently has a commitment to continue to provide public conveniences to residents of, and visitors to, the district. The benefits described under this activity will therefore continue to occur for the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

The inaction of the private sector to provide public conveniences in the district coupled with community expectation that such services will be available, both contribute to the need for Council to undertake the activity.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

No similar activity exists in Council except that the use of public conveniences could possibly be included in the activity of parks and reserves. However, because public conveniences have such a high public profile, Council chooses to fund them separately to improve transparency and accountability.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

While the majority of benefits of the service are seen to accrue to the user of the service, it is not practical or cost-effective to charge admission to users. The low population density and visitor population during the majority of the year would not produce sufficient revenue to pay for the cost of collection.

Are there other considerations to be taken into account?

It would be extremely difficult for Council to exit the activity of providing public conveniences. The private sector would not find it economic to take up this service, yet residents and visitors expect to have the service available. This is not only for their own comfort, but to protect the environment that they come to the Coromandel Peninsula to enjoy. Consequently, Council has little option but to fund the activity from rates.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges			%
Rates:	Locality		
General rate	District	30	%
Uniform annual general charge	District	70	%
Targeted rate – land value			%
Targeted rate – capital value			%
Targeted rate – fixed charge			%
Targeted rate – water by volume			%
Targeted rate -			%
		<u>100</u>	%

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Funding decision - capital expenditure

Capital expenditure in this activity is required to establish new toilets where there is perceived to be a need, and to undertake major refurbishment of existing toilets. These items can be funded from depreciation reserves which have been accumulated from charging depreciation through operating expenses. For new buildings on reserves land, there may be funding from contributions available. Rates funding can also be used where appropriate, but if all these sources are insufficient to fund new conveniences, then Council will resort to borrowing. The servicing of debt will be funded in the same manner as operating expenses.

RESOURCE CONTROL

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Resource Control activity primarily contributes to achievement of the 'Natural Environment', 'Coast and Beaches', and 'Heritage and History' community outcomes, namely:

Our communities recognise and value the natural environment:

- *The Peninsula's distinctive natural landscape is retained*

The natural values of our coast and beaches are respected and enhanced:

- *The negative impact of people is minimised*

The Peninsula's long and rich history is valued and preserved:

- *Our heritage buildings and sites are preserved.*

The Council has a statutory obligation under the Resource Management Act 1991 to prepare, implement and administer a District Plan. The plan provides the rules and policies with which developers must comply in their use of the land resource in the district. If a developer wishes to operate outside the District Plan (the proposal is not "permitted") then a resource consent must be applied for. Resource planners assess the applications and may make a decision under delegated authority, or the matter goes to the Council Judicial Committee, or it may be heard by an independent commissioner. The activity exists to allow development to occur which may not comply completely with the District Plan, to ensure that other activity does comply and in so doing, provide information about the practical

aspects of the plan. The activity also deals with any appeals lodged against Council decision on resource consents.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

It is considered that the public generally benefits from ensuring that developments occur which are in keeping with the overall intent of the District Plan and the values sought for the district's visual appearance and use of land.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Individual consents issued may benefit the particular part of the community in which the development is to occur. However, it is not possible to identify all those benefiting, nor would it be practical, or indeed appropriate, to recover costs of the activity from individual parts of a community.

Does the activity benefit individuals (and if so, who)?

The primary beneficiary of the resource consents activity is the developer who applies for the consent. Developers are obviously easily identified and can be charged for the services of processing and issuing a resource consent. Even if the application is declined, the developer is expected to pay reasonable and actual costs involved in processing the application.

Period of benefits

What is the period in, or over which, benefits will occur?

The obligation to process resource consents is a statutory one and Council believes this is an essential activity to ensure the preservation of the environment and to produce an outcome that everyone can enjoy. The benefits will therefore continue into the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

The applicants are exacerbators because they need only seek a consent when they wish to undertake a development which is not "permitted" under the District Plan. This means their proposal does not fit entirely within the bounds of what is envisaged by the District Plan.

The private sector is able to, and does, provide planning advice for persons wishing to employ specialist planning assistance. However, it is Council's statutory obligation to actually process and issue consents.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Council believes that the provision of this service is important in order to achieve its determination to maintain and enhance the district for the long-term well-being of its residents and visitors. For these reasons, and in the interest of transparency, the activity should be funded separately.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

The Resource Management Act 1991 allows local authorities to impose charges for carrying out the functions specified under it. Council therefore endeavours to recover the cost of processing applications from the applicant.

Are there other considerations to be taken into account?

Sometime an application has such wide impact that it is deemed appropriate for the wider public to have an input and in these cases the application is publicly notified. The costs of processing a notified application are necessarily higher because of the lengthy, more complex process involved in assessing the potential effects on the environment. The Council charges appropriately to recover these additional costs.

Advice on District Plan issues is provided free by the Council through the availability of a "duty" planner. Time is spent on enforcement and monitoring which is difficult to recover. Once a consent application has been received for processing, all costs are a charge against the applicant. For major projects, costs may begin to accrue at an agreed time prior to the lodging of an application. Council also needs to be sensitive to fees being charged by neighbouring councils.

The cost of dealing with appeals against Council decisions on resource consents cannot normally be recovered from the individual making the appeal. The costs incurred can sometimes be considerable.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

		Consents		Monitoring and Enforcement RMA Appeals	
		50	%	5	%
Fees and Charges					
Rates:	Locality				
General rate	District	40	%	30	%
Uniform annual general charge	District	10	%	65	%
Targeted rate - land value			%		%
Targeted rate - capital value			%		%
Targeted rate - fixed charge			%		%
Targeted rate - water by volume			%		%
Targeted rate -			%		%
		<u>100</u>	%	<u>100</u>	%

Funding decision - capital expenditure

There is no capital expenditure in this activity.

SOCIAL DEVELOPMENT

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Social Development activity contributes primarily to the 'Our Communities' and 'Heritage and History' community outcomes, namely:

Our communities are healthy, cohesive, caring and supportive:

- We protect and support our communities, families, the vulnerable and those at risk

The Peninsula's long and rich history is valued and preserved:

- Our heritage buildings and sites are preserved
- We have a co-ordinated and supportive approach to heritage preservation

This activity covers the processing, recommending and approval of grants from Council to assist various groups and organisations around the district that promote sports, arts, social, cultural and other similar activities. It also administers rates remissions to various persons and

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groups. Whether grants or remissions, payments are made in accordance with Council policy.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

Some of the grants and remissions provided under this activity provide benefits district-wide. These include such organisations as Sport Waikato, Keep New Zealand Beautiful and Life Education Trust.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

The activity does benefit different parts of the community and different groups within the different parts. Each Community Board makes grants of a local nature which benefit those particular local groups.

Does the activity benefit individuals (and if so, who)?

Occasionally the activity benefits individuals. This mainly occurs in remission of rates rather than direct grants.

Period of benefits

What is the period in, or over which, benefits will occur?

Council is committed to the support of groups within the district that promote the well-being of residents and ratepayers. For this reason the benefits from this activity will occur into the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

Various groups within the community seek financial support from Council. While there is no compulsion on Council to undertake this activity, it does so because it believes it is in the best interests of the community.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Council believes the granting of ratepayer funds to various organisations must be treated in a transparent manner. To this end it publishes in its annual plan a list of the larger grants and the total amount dispersed. In this way, full transparency and accountability is achieved.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no outside sources of funds and user fees are inappropriate.

Are there other considerations to be taken into account?

While the beneficiaries can be identified, it makes no sense to charge them for the cost of grants and remissions. The wider public at large must therefore fund the activity.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

		District %	Boards %
Fees and Charges			
Rates:	Locality		
General rate	District	100 %	%
Uniform annual general charge	District	%	%
Targeted rate – land value		%	100 %
Targeted rate – capital value		%	%
Targeted rate – fixed charge		%	%
Targeted rate – water by volume		%	%
Targeted rate -		%	%
		<u>100</u> %	<u>100</u> %

Funding decision - capital expenditure

There is no capital expenditure involved in this activity.

SOLID WASTE

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Solid Waste activity aligns best with the 'Natural Environment', 'Our Communities', 'Diversity and Character' and 'Planning, Growth and Development' community outcomes, namely:

Our communities recognise and value the natural environment:

- Our catchments are protected through good land management
- Our waterways are clean and healthy

Our communities are healthy, cohesive, caring and supportive:

- *Our communities are safe (including adequate law and regulation enforcement)*

The diversity and character of our communities and the uniqueness of the Peninsula is a valued part of our lifestyle:

- *We live in attractive towns*

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *We have quality infrastructure and services (including health and education)*
- *We have efficient and effective water and waste services*
- *We reduce, reuse and recycle waste.*

The solid waste activity deals primarily with the collection and disposal of refuse including community litter and operation of transfer stations. It also encompasses waste minimisation activities such as separate and alternative disposal of recyclable material and green waste. The rehabilitation of closed dump and landfill sites also forms part of the activity. All these various sub-activities contribute to the desired outcomes.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

The collection and disposal of community litter is seen to benefit the residents of the entire district. The rehabilitation of closed landfills is also seen to benefit the community as a whole in that the work undertaken assists in the clean up of the environment and as such, cannot benefit current users of the landfills as there is none.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

The operation of transfer stations can be seen to benefit the communities in which they operate making it easier for those communities to dispose of refuse and enhance their own local environment. For this reason, Council has in the past required the capital cost of transfer stations to be met by the individual community while the ongoing costs of operation are met at a district level.

Does the activity benefit individuals (and if so, who)?

A major part of the activity, that is the collection and disposal of private refuse, and operation of recycling and green waste facilities, are seen to primarily benefit individuals. Residents are able to individually dispose of their privately-created waste in a safe, efficient and cost effective manner.

Period of benefits

What is the period in, or over which, benefits will occur?

Council has recently contracted to provide the service for collection and disposal of solid waste for a period of up to 10 years subject to satisfactory performance. It is unlikely that the benefit will cease to occur during the term of the contract.

Landfill rehabilitation and subsequent monitoring will continue out for at least 20 years and possibly longer depending on the conditions placed on resource consents. The period over which the benefits will occur is well into the foreseeable future and beyond.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

Council has from time to time considered whether or not it is necessary to be involved in the activity of solid waste collection and disposal given that the private sector does provide similar services. The main reason why Council continues, however, is the belief that the private sector will only service high-density areas to achieve a satisfactory return on their investment and leave smaller communities without a service. Community litter and landfill rehabilitation is a public service and would not be available through any private enterprise as there is no way costs could be recovered.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Although the activity is primarily the collection and disposal of waste, it is sufficiently different in character to warrant funding separately from the disposal of wastewater. It is also much easier to charge on a user-pay basis, as Council wishes to do, than wastewater in that it is easier to measure and charge for the amount of waste disposed of. It also is high profile in environmental terms and a significant budget.

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Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external sources of funds available for this activity. However, it is relatively easy to impose user charges on the collection of waste by means of a "bag" charge, and on disposal through transfer stations by charging per cubic metre of waste. Council moved to a regime of bag charges in the 2003/04 year and expects to increase revenue from this source in 2006/07.

The imposition of a stricter user-pay regime, together with an enhanced recycling programme, has raised Council's expectations of a reduced level of waste per household, to landfill.

Are there other considerations to be taken into account?

A district solid waste strategy has been developed. Any funding decisions in relation to solid waste will need to take cognisance of this strategy.

The eastern seaboard of the Peninsula, receives additional collections during the peak summer period. This is dealt with by differentiating the targeted rate based on the number of collections annually in each community.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

		District (Litter/ Landfills)	District (All Other)	Board	
Fees and Charges		%	50 %	%	
Rates:	Locality				
General rate	District	100 %	%	%	
Uniform annual general charge	District	%	%	%	
Targeted rate – land value		%	%	%	
Targeted rate – capital value		%	%	%	
Targeted rate – fixed charge (operating)		%	50 %	%	
Targeted rate – water by volume		%	%	%	
Targeted rate – fixed charge (capital)	Area of Benefit	%	%	100 %	%
		<u>100</u> %	<u>100</u> %	<u>100</u> %	%

Funding decision - capital expenditure

Capital expenditure in this activity is mainly centred around the replacement of bins used for transporting waste from the transfer stations to the landfill site, and also major replacement work at transfer stations. Funding of this work comes from depreciation reserves.

If a community that has no transfer station, but wishes to have one built, Council expects that community to fund the capital cost of the station. This would be achieved by raising a loan and if appropriate, Council would offer lump sum options for the repayment of the initial capital outlay. Targeted rates set to cover debt servicing would be assessed on each rating unit in the area of benefit.

STORMWATER

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Stormwater activity aligns with the 'Our Communities', 'Planning, Growth and Development', 'Natural Environment' and 'Coast and Beaches' community outcomes, namely:

Our communities are healthy, cohesive, caring and supportive:

- Our communities are safe (including adequate law and regulation enforcement)

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- We have quality infrastructure and services (including health and education)
- We have efficient and effective water and waste services.

Our communities recognise and value the natural environment:

- Our catchments are protected through good land management
- Our waterways are clean and healthy.

The natural values of our coast and beaches are respected and enhanced:

- The negative impact of people is minimised

The effective removal of stormwater is essential in urban areas to minimise the risk of flooding and landslip. The stormwater systems are not designed to deal with river flooding or seawater inundation. In

collecting and disposing of stormwater, Council takes into consideration the cultural, historical and environmental requirements of each area.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

The provision of adequate stormwater reticulation benefits the whole district in that it can prevent flooding and landslip thereby ensuring the public generally continue to have access to all areas of the district.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Urban stormwater systems do benefit the communities within which they are built. It ensures free access within the community and safety from flooding in addition to protecting the environment.

Does the activity benefit individuals (and if so, who)?

Stormwater systems benefit private individuals and give protection to their property. However, it is not easy to identify all those who benefit. Undoubtedly, those properties who are directly connected to the system can be identified but many properties have run-off spilling onto roads and other areas connected to the system.

Period of benefits

What is the period in, or over which, benefits will occur?

Council is committed to the ongoing supply of this service as it is an essential part of achieving its outcome of a clean and unspoiled environment which also provides a degree of safety to individuals from flooding.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

The private sector does not provide systems for the disposal of stormwater. In addition, the problem of dealing with stormwater is not just directly related to properties connected to the disposal system, or in low-lying areas. Hillside properties may contribute to the problem through run-off and Council is the only local organisation with the authority to collect revenue from properties that are not directly affected, but that do contribute to the problem. Some properties that are not connected do contribute to stormwater issues. These are

also included in the area of benefit and are expected to contribute financially.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

Although stormwater disposal is similar to wastewater disposal, it is nonetheless quite different in that it does not normally require treatment before being discharged. It is quite discrete in nature and Council considers it should be funded separately from other activities to provide an efficient and transparent accountability.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external sources of funds to assist with funding this activity. User charges are not imposed because of the difficulty of identifying those who either contribute to the cause of the problem, or, who benefit directly.

Are there other considerations to be taken into account?

Expenditure on the activity fluctuates widely between communities. Pauanui, for instance, has pervious soils and consequently only modest stormwater requirements. However, as people's expectations of better protection from flooding increase, so does the need to build more sophisticated systems.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges			%
Rates:	Locality		
General rate	District	20	%
Uniform annual general charge	District		%
Targeted rate – land value			%
Targeted rate – capital value			%
Targeted rate – fixed charge			%
Targeted rate – water by volume			%
Targeted rate - fixed charge	Area of Benefit	80	%
		<u>100</u>	%

Revenue and Financing Policy

Funding decision - capital expenditure

Capital expenditure in this activity usually involves large sums, to not only maintain existing systems, but also to upgrade them when resource consent conditions require that to be done. In addition, with the district continuing to grow and expand, there is a continued need to increase the capacity of many of the systems.

The Local Government Act 2002 requires that additional capacity necessary to meet future demand be identified, costed, and the funding mechanism indicated as to how that cost will be met. Council intends to fund future capacity by way of interest-only loans. The cost of servicing the debt (interest) for future capacity will be met by existing users. Council has considered the option of capitalising the interest costs onto future capacity loans but has decided the risks relating to this type of mechanism are too high to make it a practical option. The repayment of the debt will be met from development contributions.

Funding the capacity needed for existing users, as distinct from future users, will be met from financial reserves (including depreciation reserves), loans, and in some instances rates revenue if the work to be undertaken is relatively small.

STRATEGIC PLANNING AND DEVELOPMENT

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Strategic Planning and Development activity aligns best with the 'Planning, Growth and Development' community outcome, namely:

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *Our communities are involved in consultation and partnerships*
- *We have quality infrastructure and services (including health and education)*
- *Our energy and communication systems are adequate, reliable and innovative*
- *Our transport networks are reliable, safe and innovative*
- *We have efficient and effective water and waste services*
- *We reduce, reuse and recycle waste*
- *Our parks, reserves, sport and active recreation facilities are provided, maintained and developed to meet future growth*

- *Our communities are prepared for emergencies.*

This activity involves developing strategy and drafting documents that comply with legislative requirements and to help Council guide long-term planning and service delivery for the district. This is an increasingly important area of activity for the Council given the high levels of growth and development within the district. Council wants to become more proactive in directing growth and wants to work with other agencies to help minimise any adverse effects on communities, infrastructure and the environment.

Strategic planning and development contributes to the overall long-term well-being of the community. It is through this activity that community outcomes are identified and strategies developed to achieve those outcomes - and to monitor progress toward achievement of the community outcomes.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

Strategic planning and development benefits the district, both in the present and in the future. By undertaking this activity there are benefits to the community by learning from other local authority experience, which benefits all ratepayers and residents of the district.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

The activity may at times benefit particular communities within the district but it is not envisaged that it would be practical to identify them and allocate the cost to them. Rather, the activity is based on the principle of "one district" and that all share in the benefits, and the cost of funding. However, individual community plans are seen to distinctly benefit the individual communities.

Does the activity benefit individuals (and if so, who)?

Individuals must benefit from improved services and efficiencies gained through strategic planning and development, but again, it is not practical to identify them and recover costs from them.

Period of benefits

What is the period in, or over which, benefits will occur?

Strategic planning is ongoing and will continue as long as it is a requirement for Council to plan strategically. Even if it was not a legislative requirement, Council is committed to retaining its strategic

focus. Strategic development is on-going also, but the amount of costs vary considerably from year to year. Nonetheless, this activity will, because of Council's commitment to it, continue into the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

No other person or body of persons appears to be interested, or able, to plan strategically for the district. It is obvious that Council must take this leadership role.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

The cost of this activity can fluctuate considerably from year to year. It is therefore preferable that the activity be funded separately in the interests of transparency.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external sources of funds and no obvious method of applying user fees or charges.

Are there other considerations to be taken into account?

Council is committed to developing the district in a well-planned manner and with a forward-thinking strategic focus. There is a cost to achieving this and funding from rates appears to be the only logical method of covering the costs of doing so.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

		Strategic Plans		Community Plans
Fees and Charges		%		%
Rates:	Locality			
General rate	District	65 %		%
Uniform annual general charge	District	35 %		%
Targeted rate – land value	Board	%	65	%
Targeted rate – capital value		%		%
Targeted rate – fixed charge	Board	%	35	%
Targeted rate – water by volume		%		%
Targeted rate -		%		%
		<u>100</u> %		<u>100</u> %

Funding decision - capital expenditure

Capital expenditure in this activity covers strategic operational plant and equipment such as motor vehicles and computer hardware and software. This is funded through the use of depreciation reserves and if necessary by loan. Any debt servicing of loans raised is funded in the same manner as operating expenses.

SWIMMING POOLS

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Swimming Pools activity aligns best with the 'Planning, Growth and Development' community outcome, namely:

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *Our parks, reserves, sport and active recreation facilities are provided, maintained and developed to meet future growth.*

Council owns and operates one swimming pool in Thames. Other towns have independently owned and operated pools to which Council contributes by way of grants. The provision of swimming pools in communities provides a safe and secure environment for persons wishing to indulge in recreational water sports suitable to a pool environment. Council supports recreational sport as it is seen to add to the physical health of residents and visitors alike.

Revenue and Financing Policy

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

The benefits of swimming pools can be attributed to the wider community in terms of health and social cohesion. Also, swimming and other water skills are seen to be essential in an island country like New Zealand where so many people enjoy boating and swimming in rivers and the sea. This is especially true of the Coromandel Peninsula with its extensive coastline and harbour facilities as well as many beautiful beaches. The provision of facilities where people can receive education about water safety, and can learn safe practices associated with water activities is important to minimise accidents involving water. The community benefits from having fewer deaths by drowning as a result of the confidence and water skills learned in a swimming pool.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

Several organisations use the Thames pool for either training or sports. They include the Thames Swimming Club, Paeroa Swimming Club, Hot Water Beach Surf Club, the Triathlon Club, and various schools. As these are easily identified they are charged for the use of the facility.

Does the activity benefit individuals (and if so, who)?

Individuals who use the pool and its facilities are easily identified and charged accordingly.

Period of benefits

What is the period in, or over which, benefits will occur?

The Council currently has a commitment to continue providing this activity and the benefits will continue into the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

The private sector is not a great provider of a swimming pool service. Other public bodies such as schools do allow the use of their pools, and other non-profit groupings of people provide pool facilities as in Whangamata, but there are no completely private pools available in the district.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

No similar activity exists in Council. Funding the activity distinctly from other activities permits the most effective and efficient delivery of the benefits of the service.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are no external sources of funds available to fund this activity. However, as indicated earlier, it is relatively easy to identify and charge users of the pool.

Are there other considerations to be taken into account?

If complete user-pay charges were put in place, the cost of the pool to users would be prohibitive and prevent many people from being able to use it. The community outcome indicates the wish for the community to have a safe and healthy environment. The provision of a swimming pool to those people who wish to use it is seen as an essential part of this community outcome and charges need to be set to enable this to happen.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		30	%
Rates:	Locality		
General rate	District		%
Uniform annual general charge	District		%
Targeted rate – land value	Board	25	%
Targeted rate – capital value			%
Targeted rate – fixed charge	Board	45	%
Targeted rate – water by volume			%
Targeted rate -			%
		<u>100</u>	%

Funding decision - capital expenditure

Capital expenditure in this activity consists mainly of equipment and furnishings used at the pool. This is funded from depreciation reserves. Major upgrades to the pool itself, or any of the associated buildings would need to be funded by loan.

WASTEWATER

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Wastewater activity aligns best with the 'Natural Environment', 'Coast and beaches', 'Our Communities' and 'Planning, Growth and Development' community outcomes, namely:

Our communities recognise and value the natural environment:

- *Our waterways are clean and healthy.*

The natural values of our coast and beaches are respected and enhanced:

- *The negative impact of people is minimised.*

Our communities are healthy, cohesive, caring and supportive:

- *Our communities are safe (including adequate law and regulation enforcement)*

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *We have quality infrastructure and services (including health and education)*

Effective wastewater disposal systems are a vitally important priority for the community. Council owns and manages 10 urban wastewater systems on a district-wide basis. It provides for the reticulation, pumping, treatment and disposal requirements of the schemes.

Environment Waikato specifies environmental standards to be met by the Council for the discharge of treated effluent, and these standards are being reviewed with each discharge consent renewal. In addition to environmental considerations, Council takes into consideration the cultural and historical impacts on each area where a reticulated wastewater system operates. In these various respects, Council believes the operation of wastewater schemes contributes toward the desired outcomes.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

In general terms, most people accept that wastewater schemes provide district-wide benefits for environmental and health issues.

There are several communities within the district that provide their own on-site disposal systems and if they are providing district-wide environmental and health benefits, there could be an argument that Council should fund part of the costs of those schemes as well as its own schemes. Council currently has a draft Water and Waste Sanitary Services Assessment which recommends that Council funds only the physical works on its public schemes.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

The direct benefits are to those users on the system who are readily identifiable. Council knows exactly which properties have the service available, and which ones are connected. Those that have the service available but are not connected are charged half the price of those who are connected.

Does the activity benefit individuals (and if so, who)?

The service provided directly benefits those who are connected to the system, or, have the opportunity to connect. Council also believes that individual properties across the district should all pay the same price for the same level of service. Thus the activity, while being funded by individual property owners, is funded district-wide, although people outside the area of benefit do not contribute.

Period of benefits

What is the period in, or over which, benefits will occur?

Except in very restricted circumstances, the Local Government Act 2002 does not allow Council to divest itself of ownership of its wastewater services. The benefits will therefore continue to occur into the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

Except in the case of a few very small urban or semi-urban systems owned and operated privately, the private sector does not provide wastewater services to the community. In addition, as stated in the previous paragraph, Council can no longer divest itself of the activity even if it wished to do so. Some private disposal systems cause problems with the environment especially where there is high-density population.

Revenue and Financing Policy

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

The volume of funding required for both operating expenses and debt repayments is considerable and as such Council believes funding should be determined separately from other activities, even water based activities, whose funding mechanisms can be quite different. In this way Council believes the funding issues are more transparent and allows a greater degree of accountability to take place.

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are usually no external sources of funds to subsidise wastewater services. However, central government has recently announced a scheme whereby districts affected by tourism can apply for a one-off subsidy towards upgrading wastewater. Council has made application for this assistance. Some user fees are charged to commercial entities discharging large volumes of wastewater but this amount is negligible. However, Council intends to move to a greater degree of user charging in case of high-volume commercial users of the service, with regards to volumes discharged and the specific toxicity which would adversely influence the operation of treatment plants.

Are there other considerations to be taken into account?

There is no practical way of charging users direct for the amount of wastewater they discharge unless drainage meters are installed. Council has no plan to install these meters other than possibly on high-volume commercial users. The use of water consumption as a proxy for charging wastewater disposal costs is currently not permitted under the Local Government (Rating) Act 2002.

Reticulated wastewater disposal systems are characterised by large capital investment and reasonably low marginal costs of operation. It is therefore considered appropriate that those properties to which a service is available should pay a portion of the cost of the system's operation even if they are not connected.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		%
Rates:	Locality	
General rate	District	%
Uniform annual general charge	District	%
Targeted rate – land value		%
Targeted rate – capital value		%
Targeted rate – fixed charge		%
Targeted rate – water by volume		%
Targeted rate - fixed charge	Area of Benefit	<u>100</u> %
		<u>100</u> %

Funding decision - capital expenditure

Capital expenditure in this activity usually involves very large sums, to not only maintain existing systems, but also to upgrade them when resource consent conditions require that to be done. In addition, with the district continuing to grow and expand, there is a continued need to increase the capacity of many of the schemes.

The Local Government Act 2002 requires that additional capacity necessary to meet future demand be identified, costed, and the funding mechanism indicated as to how that cost will be met. Council intends to fund future capacity by way of interest-only loans. The cost of servicing the debt (interest) for future capacity will be met by existing users. Council has considered the option of capitalising the interest costs onto future capacity loans but has decided the risks relating to this type of mechanism are too high to make it a practical option.

The repayment of the debt will be met from development contributions.

Funding the capacity needed for existing users, as distinct from future users, will be met from financial reserves (including depreciation reserves), loans, and in some instances rates revenue if the work to be undertaken is relatively small.

When a completely new scheme is built, the beneficiaries of that particular scheme are expected to pay the initial capital cost for the capacity required to provide for their needs, while the future capacity built into the structure will be funded by future users. Council will usually provide lump sum options to ratepayers providing capital contributions for new schemes.

WATER

Community outcomes

What are the community outcomes to which the activity primarily contributes?

The Water activity aligns best with the 'Our Communities' and 'Planning, Growth and Development' community outcomes, namely:

Our communities are healthy, cohesive, caring and supportive:

- *Our communities are safe (including adequate law and regulation enforcement)*

The needs of both local and visitor communities is met through sound planning, ahead of growth and development:

- *We have quality infrastructure and services (including health and education)*
- *We have efficient and effective water and waste services.*

Council owns and operates nine urban water supplies together with two rural water supplies. These latter two are not graded to New Zealand Drinking Water Standards. In addition to Council-owned schemes there are a number of privately-owned schemes within the district and many individual properties source their own supply of water. The supply and delivery of potable water to all major urban communities is of paramount importance in achieving the outcome of a healthy community.

Distribution of benefits

Does the activity generate benefits to the community as a whole (district-wide)?

In general terms, most people accept that water supply schemes provide district-wide benefits for reasons of public health. However, not everyone agrees with this view. There are several small communities and individuals within the district that provide their own water supply systems and if they are providing district-wide health benefits, there could be an argument that Council should fund part of the costs of those supplies as well as its own supplies. Council currently has a draft Water and Waste Sanitary Assessment which recommends that Council funds only the physical works on its public schemes.

Does the activity generate benefits to any identifiable part of the community (and if so, which parts of the community)?

The direct benefits are to those users on the system who are readily identifiable. Council knows exactly which properties have the service available, and which ones are connected. Those that have the service available but are not connected have traditionally been charged half the price of those who are connected.

Does the activity benefit individuals (and if so, who)?

The service provided directly benefits those who are connected to the system, or, have the opportunity to connect. Although the Revenue and Financing Policy adopted as part of the Annual Plan for 2003/04 indicated that district-wide funding would commence in the 2004/05 year, Council has deferred the implementation until further study has been undertaken of implementation issues.

Period of benefits

What is the period in, or over which, benefits will occur?

Except in very restricted circumstances, the Local Government Act 2002 does not allow Council to divest itself of ownership of its water supply services. The benefits will therefore continue to occur into the foreseeable future.

Exacerbator principles

To what extent do the actions or inactions of particular individuals, or a group, contribute to the need to undertake the activity?

Except in the case of a few very small urban or semi-urban systems owned and operated privately, the private sector does not provide water services to the community. In addition, as stated in the previous paragraph, Council can no longer divest itself of the activity even if it wished to do so.

Costs and benefits of funding activity separately

What are the costs and benefits of funding this activity separately from other activities (including transparency and accountability)?

The volume of funding required for both operating expenses and debt repayments is considerable and as such Council believes funding should be determined separately from other activities, even other water based activities, whose funding mechanisms can be quite different. In this way Council believes the funding issues are more transparent and allows a greater degree of accountability to take place.

Revenue and Financing Policy

Funding decision - operating expenses

Are there external sources of funds? Are user fees or charges imposed, and if so, on whom?

There are usually no external sources of funds to subsidise water services. However central government has recently announced two schemes to provide funds to local authorities. The first is a one-off subsidy available to councils affected by tourism and Council has made application for this assistance. The second is a larger scheme to assist local authorities to reach the required drinking water standards and Council will also apply for this when details become known. Direct user fees in the form of water-by-meter rates are charged to the communities of Thames, Coromandel, Pauanui and the commercial area of Whitianga. Council's Long-term Council Community Plan has the installation of water meters planned in other supplies over the period of the plan. Once all properties have meters, it will be simpler to have a district-wide charge.

Are there other considerations to be taken into account?

Reticulated water supplies are characterised by large capital investment and reasonably low marginal costs of operation. It is therefore considered appropriate that those properties to which a service is available should pay a portion of the cost of the system's operation even if they are not connected.

Having taken all factors into consideration, the indicative funding tools to be used for operating expenses are:

Fees and Charges		%
Rates:	Locality	
General rate	District	%
Uniform annual general charge	District	%
Targeted rate – land value		%
Targeted rate – capital value		%
Targeted rate – fixed charge		%
Targeted rate – water by volume		%
Targeted rate - fixed charge	Area of Benefit	<u>100</u> %
		<u>100</u> %

Funding decision - capital expenditure

Capital expenditure in this activity usually involves very large sums, to not only maintain existing systems, but also to upgrade them to meet changes in the New Zealand Drinking Water Standards. In addition, with the district continuing to grow and expand, there is a continued need to increase the capacity of many of the supplies.

The Local Government Act 2002 requires that additional capacity necessary to meet future demand be identified, costed, and the funding mechanism indicated as to how that cost will be met. Council intends to fund future capacity by way of interest-only loans. The cost of servicing the debt (interest) for future capacity will be met by existing users. Council has considered the option of capitalising the interest costs onto future capacity loans but has decided the risks relating to this type of mechanism are too high to make it a practical option. The repayment of the debt will be met from development contributions.

Funding the capacity needed for existing users, as distinct from future users, will be met from financial reserves (including depreciation reserves), loans, and in some instances rates revenue if the work to be undertaken is relatively small.

When a completely new supply is built, the beneficiaries of that particular supply are expected to pay the initial capital cost for the capacity required to provide for their needs, while the future capacity built into the structure will be funded by future users. Council will usually provide lump sum options to ratepayers providing capital contributions for new supplies.

Liability Management Policy

1. Background

Section 102(4)(b) of the Local Government Act 2002 (the "Act") requires Council to adopt a liability management policy (the "Policy"). Section 104 of the Act outlines the contents of such a policy:

104 Liability management policy

A policy adopted under section 102(4)(b) must state the local authority's policies in respect of the management of both borrowing and other liabilities, including –

- (a) *interest rate exposure; and*
- (b) *liquidity; and*
- (c) *credit exposure; and*
- (d) *debt repayment; and*
- (e) *specific borrowing limits; and*
- (f) *the giving of securities.*

Council is required to use the special consultative procedure in adopting its Policy although it may be adopted as part of its Long-term Council Community Plan (LTCCP). Once adopted the policy can only be changed as an amendment to the LTCCP.

2. Issues

In the past Council has combined its liability management policy and investment policy in one document together with procedures and delegations. Although these activities are interrelated the Act treats these policies as two separate issues with slightly different requirements. For this reason the policies are now dealt with separately.

3. Strategic Alignment

The development of the Policy statement aligns with Council's strategy to establish a high-performing organisation with a focus on customer service, prudent financial management, quality processes, and a skilled and motivated work force.

Furthermore section 101(1) of the Act states:

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 interest of the community.

4. Implementation

In implementing the Policy Council is guided by the principles set out in section 14(1) (f) and (g) of the Act that state:

- *a local authority should undertake any commercial transactions in accordance with sound business practices, and,*
- *a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.*

This policy takes effect from 1 July 2006.

Liability Management Policy

5. Delegated Authorities (as approved by Council)

Pursuant to clause 32 (2), schedule 7, of the Local Government Act 2002, Council may make delegations to officers of Council to allow for the efficient conduct of Council business. Clause 32 (3), schedule 7 of this Act allows officers to delegate those powers to other officers.

Notwithstanding clause 32 (1) (c), schedule 7 the power to borrow money, or purchase or dispose of assets, other than in accordance with the Long-term Council Community Plan remains the sole responsibility of Council. This responsibility cannot be delegated.

Approved delegations to Officers are contained within the Council's register. All delegations are approved by Council resolution. The Liability Management Policy related delegations are included in Appendix 1.

Risks

Adoption of the Policy is a statutory requirement and failure to do so would place Council in breach of its statutory obligations and could render its future borrowing and liabilities ultra vires and unenforceable.

6. Measurement and Review

The Policy will be reviewed within three years of implementation date to ensure alignment with the next LTCCP.

Measuring the effectiveness of the Policy will be achieved through a mixture of subjective and objective measures.

The predominant subjective measure is the overall quality of liability management information. The Chief Executive has prime responsibility for determining this overall quality. Objective measures are set out in the 'Liability Management and Investment Policy Procedures' manual, Section 5.

7. Policy Statements

7.1 The Policy is to be consistent with the LTCCP and Annual Plans. It is to achieve the lowest possible net borrowing costs obtainable within the policy parameters by proactively managing funding and interest rate exposures. Benefits from favourable interest rate movements are to be maximised while proactive measures are to be taken to minimise the effect of significant adverse interest rate movements.

Council's overriding objectives are to:

- Manage liabilities in a manner consistent with current governing legislation and Council's strategic and commercial objectives.
- Raise appropriate funding in terms of both maturity and interest rate and manage Council's borrowing programme to ensure funds are readily available.
- Minimise margins and costs of funds to Council. Optimise flexibility and spread of debt maturities.
- Avoid adverse interest rate related increases to rates and maintain overall interest costs within budgets.
- Manage and minimise the impact of market risks such as interest rate risk on Council's assets and liabilities by undertaking appropriate hedging activity in the financial markets.
- Develop and maintain professional relationships with Council's bankers, the financial markets, and other stakeholders.
- Provide timely and accurate reporting of treasury activity and performance. Report on financial/borrowing covenants and ratios under the obligations of Council's lending/security arrangements.

7.2 Council's infrastructural assets generally have long economic lives and long-term benefits. Debt in the context of this policy refers to Council's total debt, both external and internal.

Council borrows as it considers appropriate, bearing in mind its policy for funding capital expenditure as outlined in its

Revenue and Financing Policy. Approval for borrowing is by resolution of Council and is based on projected debt levels prepared during the LTCCP, or annual plan, planning process.

Council is a member of a consortium of councils that offers postponement of rates to ratepayers aged 65 years and over. Security is by way of a statutory land charge on the individual properties upon which rates postponement has been granted. Postponed rates are disclosed separately in Council's Statement of Financial Position. Eventually, when the amount of postponed rates becomes large enough, Council will need to finance the shortfall in cash flow due to postponement of rates. Council will achieve this by borrowing through its own means, or, by way of a collective securitisation arrangement through the consortium of councils. The debt raised to offset the postponed rates will be excluded from Council's overall borrowing limit (see Section 7.10). These specific debt amounts will be disclosed separately in Council's Statement of Financial Position.

- 7.3** Council's ability to readily attract cost effective borrowing depends on its ability to maintain a strong balance sheet as well as its ability to levy rates, manage its image in the market and its relationships with bankers. Council seeks a diversified pool of borrowing and ensures that bank borrowings are only sought from high credit quality New Zealand registered banks.

Council raises borrowing for the following primary purposes:

- General debt to fund the Council's balance sheet.
- Specific debt associated with "special one-off" projects and capital expenditures.
- Short term debt to manage timing differences between cash inflows and outflows to maintain Council's liquidity.

- 7.4** Council is able to borrow through a variety of market mechanisms including issuing stock and debentures, direct bank borrowing or accessing the short and long term capital markets directly (although this alternative which

usually is undertaken with a credit rating is unlikely in the immediate future given the amount of externally raised Council debt).

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

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

The internal debt portfolio is used as an input into determining Council's external debt requirements. Where possible, Council's cash reserves are used to reduce external debt, effectively reducing Council's net interest cost. Council's internal funding mechanisms are discussed in Section 7.5.

Definitions for external funding mechanisms are set out in Section 10 of this policy.

The Chief Executive formally approves the funding strategy on at least a six monthly basis with the Group Manager Support Services and the Finance Manager developing the strategy after monitoring the following issues.

- The size and the economic life of the project.
- The overall cash flow/funding requirements of Council.
- Consistency with the LTCCP.
- Available draw down facilities to match forecast expenditure.
- The impact of any internal loans or new debt on borrowing limits.
- Relevant margins and total costs under each borrowing source.
- The markets' outlook on future interest rate movements as well as Council's outlook.
- Council's overall debt maturity profile, to ensure maturity mismatches and concentration of debt levels are avoided.

Liability Management Policy

- Available terms from bank and loan stock issuance.
- Ensuring the implied finance terms within the specific debt are at least as favourable as Council could achieve in its own right.
- Legal documentation, financial covenants and security requirements.

The management of interest rate risk is considered separately as discussed in section 7.6.

7.5 Council undertakes internal lending subject to a Council resolution. Loans to each activity are set up within the internal debt portfolio based on planned loan funded capital expenditure, or operational expenditure, and allocated to the activity incurring the capital expenditure. The following operational parameters apply to the management of the Council's internal debt portfolio:

- All internal lending activities are consistent with the principles and parameters outlined throughout the liability management policy.
- Council seeks to firstly utilise reserve funds and if insufficient reserves are available utilises external borrowing mechanisms.
- In determining an activity centre's internal loan amount any prepaid depreciation reserve amount or other related amount is firstly allocated to that centre. Any additional funding is provided through internal loans.
- Council seeks to match the maturity and interest rate profile on its internal and external borrowing and investing activities. External borrowing and reserve account maturities are matched to internal loan maturities where possible. Any mismatches are managed within the liquidity policy outlined in Section 7.7.

Specific operating parameters are:

- When a capital project is completed, a notional loan is set up for the capital expenditure and allocated in the internal portfolio to the activity incurring the expenditure.

- Principal amounts are repaid in instalments on the anniversary of the loan. Instalment amounts are agreed at conception of the loan and determined on a table mortgage basis.
- Interest is charged to each activity on year-end loan balances at an agreed rate, which is fixed for a twelve month period. Interest is paid monthly in arrears.
- The interest rate is based on Council's expected weighted average cost of funds, and takes into account the following factors;
 - Anticipated cost of existing and new debt over the next twelve months.
 - The anticipated rate of return over the twelve months, on any investment portfolio used for internal borrowing purposes.
 - Recovery of finance department's treasury related operational costs. This charge is set annually during the annual budget process.
 - A buffer which provides for certainty in the charging rate and avoids frequent adjustments.
- If required Council has the ability to reset interest rates quarterly.
- The term of the loan is the lesser of either:
 - The economic life of the project or asset
 - A maximum of 30 years.

Internal borrowing benchmarks are set to monitor the level of debt. The benchmark ratios are consistent with Council's external borrowing limits outlined in 7.10.

7.6 Interest Rate Exposure (Section 104(a) of the Act)

Interest rate risk refers to the impact that movements in interest rates can have on Council's cashflows. Council's borrowing gives rise to a direct exposure to interest rate movements. Generally, given that:

- Council's desire is to have predictable, certain interest costs; and,

- the need to avoid large adverse impacts on annual rates arising from adverse movements in interest rates; and,
- the long-term nature of Council's assets and intergenerational factors.

Council's general tendency is to have a percentage of fixed rate or hedged borrowing. Notwithstanding the above, it may be appropriate from time to time, depending on Council's outlook on interest rates, to have a floating rate profile (any debt or interest rate risk management instrument where interest rates are being reset on a frequency less than one year).

Master Fixed/Floating Risk Control Limit	
Minimum Fixed Rate	Maximum Fixed Rate
55%	95%

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

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

The percentages are calculated on the rolling 12 month projected net debt level calculated by management (signed off by the Group Manager Support Services). Net debt is the amount of total debt net of liquid financial assets/investments. This allows for pre-hedging in advance of projected physical drawdowns of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to comply with the policy minimums and maximums.

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

Fixed Rate Maturity Profile Limit		
Period	Minimum Cover	Maximum Cover
1 to 3 years	20%	50%
3 to 5 years	20%	50%
5 to 10 years	10%	50%

The implementation of the hedging framework assumes dealing lines are available from Council's dealing banks.

Overall, the Group Manager Support Services and the Finance Manager set an interest rate risk management strategy on at least a six monthly basis by monitoring the interest rate markets and evaluating the underlying existing and forecast borrowing amounts, the outlook for short-term rates, the current and forecast yield curve and policy parameters. An appropriate hedged/floating rate mix is approved by the Chief Executive.

Interest rate risk management strategy is implemented through the use of the following:

- Using interest rate risk management instruments to convert fixed rate borrowing into floating rate or hedged borrowing and floating rate borrowing into fixed or hedged borrowing.

The use of interest rate risk management instruments is approved by Council as part of this policy.

Interest rate risk management instruments approved for use, consistent with the policy contained in Section 7.6 are:

- Fixing through physical borrowing instruments – e.g. loan stock, debentures, bank term loan.
- Floating rate bank debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.

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- Forward rate agreements (FRAs) on bank bills and government bonds. FRAs outstanding at any one time must not exceed 75% of the total floating rate debt. FRAs may be "closed out" before maturity date by entering an equal and opposite FRA to the same maturity date or, alternatively, by purchasing an option on a FRA for the equal and opposite amount to the same date.
- Interest rate swaps including:
 - Forward start swaps (start date less than 24 months)
 - Amortising and accreting swaps (notional principal amount reduces)Any swap beyond 10 years requires approval from the Chief Executive.
- Purchase of interest rate options products on:
 - bank bills (purchased caps and one for one collars)
 - government bonds.Interest rate options must not be sold outright. Interest rate options with a maturity date beyond 12 months, that have a strike rate (exercise rate) higher than 1.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.
- Interest rate collar type option strategies. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option.
- Purchased borrower swaptions only that mature within 12 months.

Definitions for interest rate risk management mechanisms are set out in Section 10 of this policy.

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

The following interest rate risk management instruments are NOT permitted for use:

- Selling interest rate options for the primary purpose of generating premium income is not permitted because of its speculative nature.
- During the term of the option, one side of the collar cannot be closed out by itself, both must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate "in-the-money".
- Structured or leveraged interest rate option strategies where there is any possibility of Council's total interest expense increasing in a declining interest rate market or where Council's total interest cost is increasing faster than the general market rate.
- Interest rate futures contracts, mainly for administrative ease.
- Interest rate risk management instruments in foreign currency. (see s113 of the Act).

7.7

Liquidity (Section 104(b) of the Act)

Liquidity risk management refers to the timely availability of funds to Council when needed, without incurring penalty costs.

Council minimises its liquidity risk by:

- Spreading income flow from rates which are received three times over the year.
- Matching expenditure closely to its revenue streams and managing cashflow timing differences to its favour.
- Maintaining its financial investments in liquid negotiable instruments.
- Ensuring there is sufficient available operating cashflow and committed bank facilities to meet the desired liquidity buffer. The liquidity buffer is maintained from either available committed bank facilities or liquid negotiable financial investments. Investments have a maturity of no more than 3 months.

- Council proactively manages its banking facilities by renegotiating facilities six months prior to maturity.
- Avoiding concentration of debt maturity dates as follows:

To minimise the risk of large concentrations of debt maturing, or, being reissued in illiquid periods where credit margins are high for reasons within or beyond Council's control, Council ensures:

- Total committed funding in respect to all loans and committed facilities is controlled by the following system:

Period	Minimum	Maximum
0 to 3 years	10%	50%
3 to 5 years	20%	60%
5 years plus	10%*	60%

A maturity schedule outside these limits requires specific Council approval. A twelve-month phase-in non-compliance period is permitted.

* Should Council's net debt exceed \$50 million this component should increase to 20%.

The Chief Executive has the discretionary authority to re-finance, rollover, re-negotiate existing debt on more favourable terms. Such action is reported to Council at the earliest opportunity.

7.8 Credit Exposure (Section 104(c) of the Act)

Council ensures that all borrowing and interest rate risk management activity is undertaken with institutions that are of high credit quality to ensure that funds are available when required and amounts owing (particularly for interest rate risk management contracts) are paid fully on due date.

Institutions, primarily banks, should have a short and long term S&P credit rating of at least A-1 and A+ respectively. Credit exposure measurement and limits are outlined in the Investment Policy Section 8.3.1.

7.9 Debt Repayment (Section 104(d) of the Act)

This section covers both internal and external debt amounts.

For specific project debt for which Council has set a targeted rate to cover debt servicing and principal repayments, the repayment is made from the rate revenue received. For specific project debt for which Council has offered a lump sum payment option, repayment is made from the lump sum revenue received. All other repayments are made according to the scheduled repayment dates at the time the debt/loan was incurred. These repayments are met from rates revenue or financial reserves. Council may also repay debt earlier than the scheduled date if there is surplus money available in reserves, and it is prudent and cost effective to do so. If a loan matures earlier than the scheduled repayment date, the refinancing of that loan will be made by raising new debt.

7.10 Specific Borrowing Limits (Section 104(e) of the Act)

In managing both internal and external debt, Council will adhere to the following limits (based on Council's latest financial statements):

- Total interest expense (after interest rate risk management costs/benefits) on total debt will not exceed 15% of annual rates.
- A liquidity ratio of the sum of current assets to current liabilities will not fall below 1:1.
- Net debt will not exceed 150% of operating revenue.

Debt excludes any debt raised to finance postponed rates. Definitions of the above limits can be found in Section 8 of this policy.

Liability Management Policy

7.11 The Giving of Securities (Section 104(f) of the Act)

Council may secure its borrowing and interest rate risk management instruments against rates and rates revenue if it is considered advantageous to do so. In unusual circumstances, with prior Council approval, security may be offered as a charge over one or more of Council's specific assets. Internal loans are provided on an unsecured basis.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance).
- The Council considers a charge over physical assets to be appropriate.
- The Group Manager Support Services ensures that the required register of charges and any associated documents are provided, filed and kept in accordance with the provisions of the Local Government Act 2002 and any other relevant legislation.

A register of charges over assets is established and maintained at Council's principal office. All instruments specifically affecting any of its property are listed.¹ Any prospectus, loan and incidental arrangement document will contain a statement that the loan or incidental arrangement is not guaranteed by the Crown.²

7.12 Council Guarantees

From time to time Council provides financial guarantees to sporting and community organisations that develop improvements on a Council administered reserve. The following policies apply to any such guarantees.

- The total of any guarantee to any organisation is to reduce according to the loan repayment programme originally arranged with the lending institution.
- Any guarantee is to be reviewed annually on receipt of the audited annual accounts for the year just passed and the proposed budget for the following year.
- The club or organisation shall indemnify the Council should the guarantee be called up by the lender.
- The indemnity shall be such that in the event of the guarantee being called up the club or organisation shall without delay transfer ownership of the asset for which the funds guaranteed were provided to Council.
- In the event of transfer of ownership to Council, Council reserves to itself any future dealings, allocation of use, or sale of such assets.
- The club or organisation shall meet all costs associated with the preparation of any loan guarantee document.
- The Council reserves the right to decline, without reason, any request for a guarantee.

As set out in Part 5, section 62 of the Act, Council does not give any guarantee, indemnity or security in respect of the performance of any obligation by a council controlled trading organisation (CCTO).

8.0 Reporting

Part 4, section 40(1)(l) of the Act requires Council to prepare and make publicly available, following the triennial general election of members, a local governance statement that includes information on key approved planning and policy documents and the process for their development and review.

Operational reports are listed in the "Liability Management and Investment Policy Procedures" Manual in Section 3.

¹ Part 6(4), section 116 of the Act

² Part 6(4), section 122 of the Act

9.0 Accounting Treatment of Financial Instruments

As a general rule, financial risk management instruments on initial recognition valued at cost and thereafter carried at fair value with any period unrealised fair value gains or losses booked through the Statement of Financial Performance, at any particular reporting date.

Valuation of Financial Instruments

All financial instruments are fair valued (marked-to-market) on a consistent basis, at least six monthly for treasury management and accounting purposes.

Underlying rates to be used to value treasury instruments are as follows:

- Official daily market rates for short-term treasury instruments (e.g. FRA settlement rates calculated by Reuters from price maker quotations as displayed on the BKBM page).
- Relevant market mid-rates provided by Council's bankers at the end of the business day (5.00pm) for other over-the-counter treasury instruments e.g. swaps.
- For markets that are illiquid, or where market prices are not readily available, rates calculated in accordance with procedures approved by the Chief Executive.

Accounting Treatment for Bank and Loan Stock Funding

As a general rule bank and loan stock funding is held to maturity and consequently accounted for on an amortised cost basis.

10. Definitions

Definitions are also included in Part 6(4) Section 112 of the Act.

10.1 Borrowing Instrument Definitions

10.1.1 Bank Sourced Borrowing

Bank Bill Facilities

Commercial bills cover all types of bills of exchange which are defined under the Bills of Exchange Act 1908 as:

An unconditional order in writing, addressed by one person to another signed by the person giving it, requiring the person to whom it is addressed to pay on demand, or at fixed or determinable future time, a sum certain in money to, or to the order of a specified person, or to bearer.

Bank bill facilities are normally for a term of up to three years but may be for as long as five years. Bank bills are bills of exchange, drawn or issued usually by the original borrower and accepted or endorsed by a bank.

For a bank accepted bill, the bank makes the payment of the face value of the bill on maturity. Most bank bills traded in the New Zealand market are bank accepted bills.

Bank endorsed bills have been endorsed by a bank with another party as acceptor. In the event of default of the original acceptor, payment can be sought through the chain of endorser to the bill.

An investor in bank bills can sell the bills prior to maturity date and receive the cash. Bank bills are a longer term borrowing instrument than cash loans. Bills are normally drawn for terms of 30, 60 or 90 days with a few being drawn for 180 days. The 90 day bank bill is the underlying traded benchmark instrument for the short end of the market.

Bank bill instruments are now rarely used in the New Zealand corporate borrowing market with most borrowing facilities being revolving term loan facilities. For bank funding requirements a paperless and registered form of the bank bill is now used, the registered certificate of deposit or RCD.

Liability Management Policy

The principal costs to the borrower are the discounting bank's yield at which it discounts the bill at the time of drawdown, an arrangement fee, an acceptance fee and a line fee (expressed in basis points or percentage per annum) and margin. Acceptance fees, arranger fees, line fees and margins in aggregate normally range between 35 – 300 basis points (i.e. 0.35% - 3.00%), depending on the credit worthiness of the borrower.

Revolving Bank Term Loan Facilities

Revolving term loan facilities are similar to bank bill facilities, from a borrower's perspective, except interest is paid in arrears rather than upfront as in the case of bank bills. Revolving term loan facilities are usually for a term of up to three years but may be for as long as five years and like bank bills, drawings under the facility are priced at a margin above the bank bill bid rate. Most facilities allow for the borrowers to draw up to the facility amount in various tranches of debt, and for various terms, out to a maximum term of the maturity date of the facility. Like bank bills most borrowers use these facilities to borrow on a 90 day revolving basis.

The principal costs are the same as with bank bills. The lending bank's yield sets the base rate at the time of lending, an arrangement fee, and a credit margin (including line or commitment fee (expressed in basis points or percentage per annum). Fees and margins in aggregate normally range between 35 – 300 basis points (i.e. 0.35% - 3.00%), depending on the credit worthiness of the borrower.

Short Term Money Market Lines

Short term money market loans or cash loans can be committed or uncommitted. A customer pays for a guarantee of the availability of the funds in a committed loan. In an uncommitted loan, funds are provided on a best endeavours basis and no commitment fee is payable. In addition to a line fee, a margin may be charged on any line usage.

The minimum amount for a cash loan is \$1,000,000. Smaller loans can be arranged, although the interest rate quoted will be a reflection of the size of the loan. Smaller requirements are usually managed through a committed overdraft facility.

The main use of cash loans is to cover day-to-day shortfalls in funds. The interest rate is governed by the term of the borrowing and the implied or implicit credit rating of the borrower. Cash loans are short term only and are normally drawn for a term of one (overnight) to seven days. Interest collection can be daily.

10.1.2 Capital Markets Programmes

Commercial paper ("CP") programmes normally provide for issuance with tenors of between 7 and 364 days. The majority of CP issued in the New Zealand market is for terms of 90 days.

Corporate bonds commonly in existence in the New Zealand market have essentially the same characteristics as government stock. These are a source of longer term fixed or variable rate finance which can be sold either in bearer or registered form (normally registered). Bonds are normally issued with coupon interest paid in arrears on a six monthly basis for fixed rate instruments, and three monthly for floating rate instruments. Local authority stock is issued by a variety of local governments by tender or private placement. The bonds are registered securities. They are repayable on a fixed date, and are generally issued for terms ranging from one to seven years.

Local authority stock is priced on a semi annual basis and issued at a discount to face value. A fixed or floating rate coupon payment is made semi annually or quarterly to the holder of the security.

The term bond is usually reserved for securities with terms longer than one year to clearly distinguish between short term instruments (CP).

CP and bonds usually constitute unconditional, unsecured and unsubordinated obligations of the issuer.

10.1.3 Structured And Project Finance

Project and structured financing matches up debt to suit the quantifiable income stream from the project. This type of financing is appropriate for the funding of standalone assets which are able to be ring-fenced and over which security can be taken. The owner of the asset usually retains an equity interest in the asset.

10.2 Borrowing Limits Definitions

Limits include both internal and external debt amounts.

10.2.1 Total interest expense to total rates. Total annual rates include general rate, uniform annual general charge, and targeted rates, but not lump sum payments.

10.2.2 Total interest expense to total operating revenue. Total operating revenue includes rates, user charges and fees, subsidies, miscellaneous operating revenue, interest, dividends and cash subdivision contributions.

10.2.3 Liquidity ratio. Cash and marketable securities as defined in Council's accounting policies as "cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management".

10.2.4 Net debt is defined as total debt less liquid financial assets/investments.

10.2.5 Debt excludes any debt raised to finance postponed/deferred rates.

10.3 Interest Rate Risk Management Instruments and Terms

10.3.1 BKBM

The bank bill mid market settlement rate (FRA rate) as determined at 10:45am each business day on Reuters page BKBM. This is the standard rate for the settlement of interest rate swaps, forward rate agreements and interest rate caps and collars.

10.3.2 Bond Options

Council, when purchasing a bond option, has the right but not the obligation to buy or sell a specified government stock maturity on an agreed date, time and at an agreed rate.

10.3.3 Forward Rate Agreement

An agreement between Council and a counterparty (usually a bank) protecting Council against a future adverse interest rate movement for a specified period of time (up to a year). Council and the counterparty agree to a notional future principal amount, the future interest rate, the benchmark dates and the benchmark rate (usually BKBM). This definition includes the bond forward rate agreement where the benchmark rate is the underlying government bond yield.

10.3.4 Interest Rate Collar Strategy

The combined purchase (or sale) of a cap or floor with the sale (or purchase) of another floor or cap.

10.3.5 Interest Rate Options

The purchase of an interest rate option gives the holder (in return for the payment of a premium) the right but not the obligation to borrow (described as a cap) or invest (described as a floor) at a future date for a specified period. Council and the counterparty agree to a notional future principal amount, the future interest rate, the benchmark

Liability Management Policy

dates and the benchmark rate (usually BKBM). Interest rate option products include caps, floors and bond options.

10.3.6 Interest Rate Swap

An interest rate swap is an agreement between Council and a counterparty (usually a bank) whereby Council pays (or receives) a fixed interest rate and receives (or pays) a floating interest rate. The parties to the contract agree notional principal, start date of the contract, term of the contract (greater than one year), fixed interest rate and the benchmark rates (usually BKBM).

The swap can have a forward start date directly matching the contract to the underlying borrowing requirement.

10.3.7 Liquidity

Liquidity refers to negotiable instruments that have an underlying market where buyers and sellers are available to transact and readily convert the investment into cash.

10.3.8 Negotiable

These instruments are able to be bought and sold prior to their legal maturity date.

Appendix 1: Delegations

Activity	Responsibility	Limit
Approve and amend policy document	Council	Unlimited
Approve annual funding programme	Council	Unlimited
Approve new borrowing (loans, borrowing facilities)	Council	Unlimited (subject to legislative and other regulatory

Activity	Responsibility	Limit
		limitations)
Refinancing of existing debt	Chief Executive/Group Manager Support Services/Finance Manager (delegated by Council)	Subject to policy (Two of three signatories to sign-off)
Approving borrowing and interest rate transactions outside policy	Council	Unlimited
Open/close bank accounts	Council	Unlimited
Approve authorised cheque/electronic signatory positions	Chief Executive (delegated by Council)	Unlimited
Approve security arrangements	Council	Unlimited
Register new debt issues	Seal register signatories	Subject to policy
Liability management	Chief Executive/Group Manager Support Services/Finance Manager (delegated by Council)	Subject to policy
Interest rate management	Chief Executive/Group Manager Support Services/Finance Manager (delegated by Council)	Subject to policy
Approving allowable risk management instruments	Council	Unlimited subject to legislative limitations.

Activity	Responsibility	Limit
Adjust interest rate risk profile	Chief Executive/Group Manager Support Services/Finance Manager (delegated by Council)	Fixed/floating ratio between 55% and 95% Fixed rate/hedging maturity profile limit as per risk control limits.
Managing funding maturities	Chief Executive/Group Manager Support Services/Finance Manager (delegated by Council)	Per risk control limits
Maximum daily transaction amount (approved borrowing, interest rate risk management)	Council Chief Executive Group Manager Support Services Finance Manager (delegated by Council)	Unlimited \$20 million \$10 million \$5 million
Ensuring compliance with policy	Group Manager Support Services	N/A

Investment Policy

1. Background

Section 102(4)(c) of the Local Government Act 2002 (the "Act") requires Council to adopt an investment policy (the "Policy"). Section 105 of the Act outlines the contents of such a policy:

105 Investment Policy

A policy adopted under Section 102(4)(c) must state the local authority's policies in respect of investments, including –

- (a) the objectives in terms of which financial and equity investments are to be managed; and the mix of investments; and*
- (b) the mix of investments; and*
- (c) the acquisition of new investments; and*
- (d) an outline of the procedures by which investments are managed and reported on to the local authority; and*
- (e) an outline of how risks associated with investments are assessed and managed.*

Council is required to use the special consultative procedure in adopting its Policy although it may be adopted as part of its Long-term Council Community Plan

(LTCCP). Once adopted the policy can only be changed as an amendment to the LTCCP.

2. Issues

In the past Council has combined its liability management policy and investment policy in one document together with procedures and delegations. Although these activities are interrelated, the Act treats these policies as two separate issues with slightly different requirements. For this reason the policies are now dealt with separately.

3. Strategic Alignment

The development of the Policy statement aligns with Council's strategy to establish a high-performing organisation with a focus on customer service, prudent financial management, quality processes, and a skilled and motivated work force.

Furthermore Section 101(1) of the Act states:

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.

4. Implementation

In implementing the Policy Council is guided by the principles set out in Section 14(1) (f) and (g) of the Act that state:

- a local authority should undertake any commercial transactions in accordance with sound business practices, and,*
- a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.*

This policy takes effect from 1 July 2006.

5. Delegated Authorities (as approved by Council)

Pursuant to clause 32 (2), schedule 7, of the Local Government Act 2002, Council may make delegations to officers of Council to allow for the efficient conduct of Council business. Clause 32 (3), schedule 7 of this Act allows officers to delegate those powers to other officers.

Notwithstanding clause 32 (1) (c), schedule 7 the power to borrow money, or purchase or dispose of assets, other than in accordance with the Long-term Council Community Plan remains the sole responsibility of Council. This responsibility cannot be delegated.

Approved delegations to Officers are contained within Council's register. All delegations are approved by Council resolution. The Investment Policy related delegations are outlined in Appendix 1.

6. Risks

Adoption of the Policy is a statutory requirement and failure to do so would place Council in breach of its statutory obligations and undermine the validity of all future Council investments.

7. Measurement and Review

The Policy will be reviewed within three years of implementation date to ensure alignment with the next LTCCP.

Measuring the effectiveness of the Policy will be achieved through a mixture of subjective and objective measures.

The predominant subjective measure is the overall quality of investment information. The Chief Executive has prime responsibility for determining this overall quality. Objective measures are set out in the 'Liability Management and Investment Policy Procedures' Manual, Section 6.

8. Policy Statements

8.1 General Policy including Objectives (Section 105(a) of the Act)

The Policy is to be consistent with the LTCCP and annual plans. It is to manage all of Council's investments and invest surplus cash in liquid and creditworthy investments.

Council's overriding objectives are to:

- Manage investments in a manner consistent with current governing legislation and Council's strategic and commercial objectives.
- Optimise returns while minimising credit and liquidity risks.
- Manage the overall cash position of Council's operations.
- Maintain professional relationships with Council's bankers and the financial markets.
- Monitor, evaluate and provide timely and accurate reporting of treasury activity and performance.

Council's philosophy on the management of investments is to optimise returns in the long term while balancing risk and return considerations. Council recognises that as a responsible public authority any investments that it does hold should be low risk. It also recognises that lower risk generally means lower returns.

Council does not hold financial investments other than those involving special funds, and cash management balances. In its financial investment activity, Council's primary objective when investing is the protection of its investment. Accordingly, only creditworthy counterparties are acceptable.

8.1.1 Equity Investments

Council does not wish to hold equity investments. However, Council may hold equity for non-investment purposes, provided that the holding is in furtherance of its community well-being objectives.

8.1.2 Property Investments

Council's first objective is to only own property that is strategically necessary for the economic, physical and social development of Thames-Coromandel District, and secondly, to achieve an acceptable rate of return.

Council reviews the performance of its property investments on an annual basis, and ensures that the benefits of continued ownership are consistent with its stated objectives. Any disposition of these investments requires Council approval. Proceeds from the disposition of property investments are used firstly for retirement of debt relating to such property.

8.1.3 Loans and Advances

Council's objective is to not become involved in providing loans or advances but rather leave this activity to the private banking sector. However, on occasion it may be appropriate for Council to be involved in this activity in which case a resolution of Council is required to approve the loan or advance.

Council may also lend money internally to its activity centres as set out in the Liability Management Policy Section 7.5.

As outlined in Section 63 of the Act, Council does not lend money, or provide any other financial accommodation, to a council controlled trading organisation (CCTO) on terms and conditions that are more favourable to the CCTO than those that would apply if Council were (without charging any rate or rate revenue as security) borrowing the money or obtaining the financial accommodation.

8.1.4 Postponed Rates

Council is a member of a consortium of Councils that offers postponement of rates to ratepayers aged 65 years and over. This "investment" in postponed rates is secured by way of a statutory land charge on the individual properties upon which rates postponement has been granted. Interest is

charged on postponed rates at Council's base rate of borrowing plus a 1% management fee and a 0.25% reserve contribution. Postponed rates are disclosed separately in Council's Statement of Financial Position.

8.1.5 Financial Investments

Council maintains financial investments for the following primary reasons:

- To invest surplus cash and working capital funds.
- To invest amounts allocated to trust funds and special funds.

Normally financial investments are held to maturity date. Proceeds from the disposition of financial investments are used for operational expenditure purposes, or other purposes approved by Council in the annual planning process.

Financial Investment Parameters

Council's primary objective when investing is the protection of its investment. Accordingly, only creditworthy counterparties are acceptable. Creditworthy counterparties (excluding the government and some local authorities) are selected on the basis of their current Standard and Poors (S&P) rating which must be strong or better.¹

Within the above credit constraints, Council also seeks to:

- Maximise investment return.
- Ensure investments are liquid.
- Spread investments in line with cash flow requirements to avoid realisation prior to maturity.
- Manage potential capital losses due to interest rate movements if investments need to be liquidated before maturity.

¹ A strongly rated counterparty is defined in section 8.3.1

So funds are available when needed Council ensures that:

- There is sufficient available operating cashflow and committed bank facilities to meet cashflow requirements between rates instalments as determined by the Finance Manager.
- Term debt and a liquidity buffer are maintained at an amount that averages 110% of projected peak net debt levels over the next 12 months.
- The liquidity buffer is maintained from either available committed bank facilities or liquid negotiable financial investments. Investments have a maturity of no more than 3 months.

8.2 Interest Rate Risk Management

Although Council is expected to be a net borrower, from time to time due to unforeseen delays in capital works programmes, surplus cash balances may arise. Council may protect its interest income arising from these surpluses by using approved risk management instruments. Any risk management strategy is approved by the Chief Executive.

Approved risk management instruments include:

- Forward rate agreements on bank bills.
- Interest rate swaps of less than 18 months.
- Purchased interest rate option products on bank bills (purchased floors).
- Interest rate collar type option strategies (one for one basis only). One for one collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option.

Definitions for interest rate risk management mechanisms are set out in Section 9 of this policy.

Any other financial instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

The following interest rate risk management instruments are NOT permitted for use:

- Selling interest rate options for the primary purpose of generating premium income is not permitted because of its speculative nature.
- During the term of the option, one side of the collar cannot be closed out by itself, both must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate "in-the-money".
- Structured or leveraged interest rate option strategies where there is any possibility of Council's total interest income increasing in a declining interest rate market or where Council's total interest cost is increasing faster than the general market rate.
- Interest rate futures contracts, mainly for administrative ease.

8.3

Mix of Investments (Section 105(b) of the Act)

Council invests in the following mix of investments that include:

- Equity investments (refer Section 8.1.1)
- Property investments (refer Section 8.1.2)
- Loans and advances (including internal borrowing) (refer Section 8.1.3)
- Postponed Rates (refer Section 8.1.4)
- Financial investments

Financial investments are managed within the limits outlined in 8.3.1. Typical financial investment issuers include;

- Government investments
- Registered bank investments
- Local authority investments
- State Owned Enterprises investments (SOE)
- Approved corporate investments

Approved financial instruments are:

- Short term bank deposits
- Bank certificates of deposit (RCD's)

- Treasury bills
- Local Authority stock or State Owned Enterprise (SOE) bonds
- Corporate bonds
- SOE and corporate Promissory notes/Commercial paper

For further information and definitions see Section 9 of this policy.

8.3.1 Council ensures that all investment and interest rate risk management is undertaken with institutions that are of high quality credit to ensure amounts owing to Council are paid fully and on due date.

More specifically, Council minimises its credit exposure by:

- Ensuring all investment, cash management, interest rate risk management and any foreign exchange transactions are undertaken with entities (excluding government and some local authorities) that have a strong S&P credit rating.
- Limiting total exposure to prescribed amounts. Exposures are spread amongst a number of counterparties to avoid concentrations of credit exposure.
- Monitoring compliance against set limits.

The following table summarises credit requirements and limits:

Institution	Minimum S&P Short-term Credit Rating	Minimum S&P Long-term Credit Rating	Total Exposure Limit for each Counter-party	Portfolio Limit (up to)
Government	N/A	N/A	Unlimited	100%
Registered Bank				
- On balance sheet exposures	A1	A+	\$8 million	100% (while total financial investments do not exceed \$20 million and thereafter 80%)
- Off balance sheet exposures	A1	A+	\$8 million	

Institution	Minimum S&P Short-term Credit Rating	Minimum S&P Long-term Credit Rating	Total Exposure Limit for each Counter-party	Portfolio Limit (up to)
Local authorities & other institutions with the ability to levy rates or taxes (on balance-sheet exposures only)	A1	A+	\$5 million (rated) \$1 million (unrated)	30%
Strongly rated corporates and SOEs (on balance sheet exposures only)	A1	A+	\$1 million	20%

If any counterparty's credit rating falls below the minimum specified in the above table, then all practical steps are taken to reduce the credit exposure to that counterparty to zero as soon as possible. Counterparties exceeding limits are reported to Council.

Exposures to each counterparty are computed as follows:

On-balance sheet

- Total amounts invested with that counterparty

Off-balance sheet (see Section 9.2 of this policy).

- Credit exposure on interest rate contracts computed by multiplying face value of outstanding transactions by an interest rate movement factor of 3% per annum. i.e. Notional amount * maturity (years) * 3%.

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

Investment Policy

8.4 Acquisition of New Investments (Section 105(c) of the Act)

Council's policy for acquisition of new financial instruments is the same as for the mix of investments (Section 8.3) and within the counterparty limits as outlined in 8.3.1.

Acquisition of new equity investments must be by Council resolution. New advances or loans must be by Council resolution. Property purchases will be approved in the LTCCP or annual plan, or, by resolution of Council.

Nothing in this policy should limit the application of Council's policy on partnerships with the private sector.

8.5 Procedures for Management and Reporting (Section 105(d) of the Act)

8.5.1 Cash Management

Council manages its working capital balances by matching expenditure closely to its revenue streams, and managing cashflow timing differences to its favour. Daily cash requirements are determined by reference to the daily money management report and appropriate adjustments are made to money market balances.

Generally cashflow surpluses from timing differences are available for periods less than 180 days.

Cash management activities must be undertaken within the following parameters:

- An optimal daily range of zero is targeted for in Council's main bank account, with investments adjusted to balance the current account if required.
- Cashflow surpluses are placed in call deposits, term deposits, registered certificates of deposits and promissory notes. Amounts invested must be within limits specified in 8.3.1.

- Council has a committed bank overdraft facility with a limit of \$250,000. However, this facility is used only in exceptional circumstances.
- The use of interest rate risk management on cash management balances is not permitted.

Cash management reports are set out in Section 8.5.6.

8.5.2 Foreign Exchange

Council generally has minor foreign exchange exposure arising through the occasional purchase of foreign exchange denominated consumerables. Foreign currency payments are converted at the spot exchange rate on the date of payment.

Where there are significant capital project related foreign exchange commitments (greater than NZD100,000 equivalent) these are hedged based on the following system,. When the expenditure is committed the exposure must be hedged with forward exchange contracts.

Capital Expenditure - Foreign Exchange Risk Control Limits		
Time - Point	Exposure must be covered by forward exchange contracts	Exposure may be covered by purchased foreign exchange options
1. CAPEX budget approved		Up to 50%
2. Specific tender/item approved		Up to 100%
3. Expenditure Committed	100%	

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

8.5.3 Performance Measurements

Measuring the effectiveness of Council's investment and cash management activities is achieved through a mixture of subjective and objective measures. The predominant subjective measure is the overall quality of treasury management information. Council has prime responsibility for determining this overall quality. Objective measures are as follows:

- Adherence to policy
- Number of days in overdraft and costs of overdraft breaches
- For short-term investments, comparison of actual monthly and year-to-date accrued returns, with actual returns based on the weekly average three-month bank offer rate.
- For longer-term investments, comparison of actual monthly and year-to-date accrued returns, with the average one-year Government Stock offer rate.

All treasury limits are complied with including (but not limited to) counterparty credit limits, dealing limits and exposure limits.

All treasury deadlines are to be met, including reporting deadlines.

8.5.4 Accounting Treatment of Financial Instruments

As a general rule, financial risk management instruments on initial recognition are valued at cost and thereafter carried at fair value with any period unrealised fair value gains or losses booked through the Statement of Financial Performance, at any particular reporting date.

Valuation of Financial Instruments

All financial instruments are fair valued (marked-to-market) on a consistent basis, at least six monthly for treasury management and accounting purposes.

Underlying rates to be used to value treasury instruments are as follows:

- Official daily market rates for short-term treasury instruments (e.g. FRA settlement rates calculated by Reuters from price maker quotations as displayed on the BKBM page).
- Relevant market mid-rates provided by Council's bankers at the end of the business day (5.00pm) for other over-the-counter treasury instruments e.g. swaps.
- For markets that are illiquid, or where market prices are not readily available, rates calculated in accordance with procedures approved by the Chief Executive.

Accounting Treatment for Financial Investment Instruments

As a general rule a financial asset is held to maturity and consequently accounted at cost but subject to annual impairment assessment.

8.5.5 Internal Controls for Investment and Cash Management Activity

Council's systems of internal controls over investment activity include:

- Adequate segregation of duties among the core investment functions of deal execution, confirmation, settling and accounting/reporting. There are a small number of people involved in investment activity. Accordingly strict segregation of duties is not always achievable. The risk from this is minimised by the following processes:

Investment Policy

- A documented discretionary approval process for investment activity.
- Regular management reporting.
- Regular operational risk control reviews by an independent audit function.
- Organisational, systems, procedural and reconciliation controls to ensure:
- All investment activity is bona fide and properly authorised.
- Checks are in place to ensure Council's accounts and records are updated promptly, accurately and completely.

More specifically, key internal controls are as follows:

Cheque/Electronic Banking Signatories

- Positions approved by the Chief Executive.
- Dual signatures are required for all cheques and electronic transfers.

Authorised Personnel

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

Recording of Deals

- The Management Accountant records all deals on properly formatted deal tickets. Deal summary records for investments and cash management transactions are maintained on spreadsheets and updated promptly following completion of the transaction.

Confirmations

- All inward letter confirmations including registry confirmations are received and checked by the Financial Assistant against completed deal tickets and summary spreadsheets records to

ensure accuracy.

- Deals, once confirmed, are filed (deal ticket and attached confirmation).
- Any discrepancies arising during deal confirmation checks which require amendment to Council records are signed off by the Group Manager Support Services.

Settlement

- The majority of borrowing and investment payments are settled by direct debit authority.
- The Management Accountant and Financial Assistant are **not** included in the list of approved ANZ Direct payment signatories.

Reconciliations

- General bank reconciliation is performed monthly by the Accounts Payable Clerk and checked by the Financial Accountant.
- A monthly reconciliation of the investment spreadsheet to the general ledger is carried out by the Financial Assistant and reviewed by the Financial Accountant.

8.5.6 Reports

The following reports are produced to monitor cash management and investment activity.

Report Name	Frequency	Prepared by	Recipient
Daily money management report	Daily	Financial Assistant	Management Accountant
Limits report	Daily, reported on an exceptions basis		Finance Manager
			Chief Executive
Monthly treasury Report	Monthly	Management Accountant	Finance Manager
			Group Manager Support Services
			Chief Executive
			Council

Report Name	Frequency	Prepared by	Recipient
Treasury strategy Paper	6-monthly or as required	Finance Manager	Group Manager Support Services Chief Executive Council
Cashflow report	Annually with the annual plan	Financial Accountant	Finance Manager Council

8.6 Risk Assessment and Management (Section 105(e) of the Act)

Credit risk is minimised by placing maximum limits for each broad class of non-government issuer, and by limiting investments to registered banks and strongly rated SOEs and corporates within prescribed limits (see Section 7.2.1 of this policy).

Risks are controlled by first setting an overall investment strategy taking into account counterparty and cash flow requirements, and then using interest rate risk management instruments to protect investment returns and to change the interest rate profile.

The use of interest rate risk management instruments is approved by Council. A current list of approved interest rate risk management instruments with appropriate definitions is included in Section 8 of this policy.

All investment activity is reported against policy parameters as outlined in Section 7.4.5.

9.0 Definitions

9.1 Approved Financial Investment Instruments

Investment instruments available in the market (excluding equities and property) can generally be discussed under four broad categories relating to the issuer of these instruments.

9.1.1 New Zealand Government

Treasury bills are registered securities issued by the Reserve Bank of New Zealand (RBNZ) on behalf of the Government. They are usually available for terms up to a year but generally preferred by investors for 90 day or 180 day terms. They are discounted instruments, and are available in the secondary market, although most banks hold them for liquidity management purposes.

Government stock are registered securities issued by the RBNZ on behalf of the Government. They are available for terms ranging from one year to twelve year maturities. Government stock have fixed coupon payments payable by the RBNZ every six months. They are priced on a semi-annual yield basis and are issued at a discount or premium to face value. They are readily negotiable in the secondary market.

9.1.2 Local Authorities

Local authority stock are registered securities issued by a wide range of local government bodies. They are usually available for maturities ranging from one to seven years. A fixed or floating coupon payment is made semi-annually or quarterly to the holder of the security. They are negotiable and usually can be bought and sold in the secondary market, although most investors hold them to maturity.

9.1.3 Registered Banks

Call and term deposits are funds accepted by the bank on an overnight basis (on call) or for a fixed term. Interest is usually calculated on a simple interest basis. Term deposits are for a fixed term and are expected to be held to maturity. Term deposits are not negotiable instruments. Termination prior to maturity date can involve penalty interest costs.

Registered certificates of deposits (RCD) are securities issued by banks for their funding needs or to meet investor demand. They are registered at the RBNZ or held on behalf

of by the dealing bank. Details include, the name of the investor, face value and maturity date. They are able to be transferred by registered transfer only. RCDs are priced on a yield rate basis and issued at a discount to face value or a grossed up basis. They are generally preferred over term deposits because investors can sell them prior to maturity.

9.1.4 Corporates

Corporate bonds are generally issued by companies and banks with good credit ratings. These bonds can be registered securities or bearer instruments. With a medium term note (MTN) a fixed coupon payment is made semi-annually to the holder of the security. They are priced on a semi-annual yield basis and are issued at a discount to face value. Floating rate notes (FRN) are bonds where interest is paid quarterly at a margin over the bank bill bid rate. Corporate bonds are negotiable and can be bought and sold in the secondary market.

Promissory notes are issued by borrowers who usually have a credit rating and standing in the market that is sufficient to enable the notes to be issued without endorsement or acceptance by a bank. The notes are usually underwritten by a standby facility to ensure that the borrower obtains the desired amount of funds. Promissory notes are issued with maturities ranging from seven (7) days to one year. The most common maturity is for 90 days. The face value of the note is repaid in full to the investor on maturity.

9.2 Interest Rate Risk Management Instruments and Terms (From an Investors Perspective)

9.2.1 BKBM

The bank bill mid market settlement rate as determined at 10:45am each business day on Reuters page BKBM. This is the standard rate for the settlement of interest rate swaps, forward rate agreements and interest rate caps and collars.

9.2.2 Forward Rate Agreement

An agreement between Council and a counterparty (usually a bank) protecting Council against a future adverse interest rate movement for a specified period of time (up to a year). Council and the counterparty agree to a notional future principal amount, the future interest rate, the benchmark dates and the benchmark rate (usually BKBM). This definition includes the bond forward rate agreement where the benchmark rate is the underlying government bond yield.

9.2.3 Interest Rate Collar Strategy

The combined purchase (or sale) of a cap or floor with the sale (or purchase) of another floor or cap. See Section 8.2.5 for definitions on options.

9.2.4 Interest Rate Options

The purchase of an interest rate option gives the holder (in return for the payment of a premium) the right but not the obligation to borrow (described as a cap) or invest (described as a floor) at a future date for a specified period. Council and the counterparty agree to a notional future principal amount, the future interest rate, the benchmark dates and the benchmark rate (usually BKBM). Interest rate option products include caps, floors and bond options.

9.2.5 Interest Rate Swap

An interest rate swap is an agreement between Council and a counterparty (usually a bank) whereby Council pays (or receives if an investor) a fixed interest rate and receives (or pays) a floating interest rate. The parties to the contract agree notional principal, start date of the contract, term of the contract greater than one year), fixed interest rate and the benchmark rates (usually BKBM).

The swap can have a forward start date directly matching the contract to the underlying investment cashflow.

9.2.6 Liquidity

Liquidity refers to negotiable instruments that have an underlying market where buyers and sellers are available to transact and readily convert the investment into cash.

9.2.7 Negotiable

These instruments can be bought and sold prior to their legal maturity date.

Appendix 1: Delegations

Activity	Responsibility	Limits
Approve and amend policy document	Council	Unlimited
Open/close bank accounts	Council	Unlimited
Approve authorised cheque/electronic signatory positions	Chief Executive	Unlimited
Investment management	Chief Executive/Group Manager Support Services/ Finance Manager (delegated by Council)	Subject to policy
Interest rate management	Chief Executive/Group Manager Support Services/ Finance Manager (delegated by Council)	Subject to policy

Activity	Responsibility	Limits
Cash management	Chief Executive/Group Manager Support Services/ Finance Manager (delegated by Council)	Subject to policy
Approving transactions outside policy	Council	Unlimited
Approving allowable risk management instruments	Council	Unlimited subject to legislative limitations.
Maximum daily transaction amount (approved investment, cash management, interest rate risk management)	Council Chief Executive Group Manager Support Services Finance Manager (delegated by Council)	Unlimited \$20 million \$10 million \$5 million
Ensuring compliance with policy	Group Manager Support Services	N/A

Rates Relief Policy

1. Background

Council is required under the Local Government Act 2002 to have the following policies in place to enable it to provide relief for the remission or postponement of rates.

- a) Policy on remission and postponement of rates on Maori freehold land (section 108);
- b) Rates remission policy (section 109);
- c) Rates postponement policy (section 110).

A comprehensive review of Council's rates relief policies occurred in 2002/2003 as a result of the enactment of the Local Government (Rating) Act 2002 and the Local Government Act 2002. These came into effect from 1 July 2003.

These policies have again been reviewed for the 2006 Long-term Council Community Plan but because they are seen to have been operating satisfactorily and achieving their objectives, only some minor changes have been made.

2. Issues

Council considered formulating a special rates remission policy to give relief for wastewater charges to Moana House

in Whangamata but declined to do so. Rather it has recommended the Community Board make a grant if deemed appropriate.

Previously Council had declined to provide a remission policy for rating units in common ownership that fell outside the provisions of section 20 of the Local Government (Rating) Act 2002. However, this had caused some inequities and Council determined to put an appropriate policy in place.

Council also considered whether or not to introduce a policy for postponement of rates on rural/farming land but declined to do so.

3. Strategic Alignment

The development of the various policy statements aligns with Council's strategy to establish a high-performing organisation with a focus on customer service, prudent financial management, quality processes, and a skilled and motivated workforce.

4. Implementation

All the policies contained in this document will be effective from 1 July 2006.

5. Risks

Perception of Ratepayers

There is a risk that some ratepayers may perceive inequities in the policies, particularly those relating to remissions. All affected ratepayers were consulted extensively in 2002 and there has been little negative feedback as a result.

Interpretation and Application of Policies

There is a risk that officials of Council acting under delegated authority are not seen to be interpreting and applying remission and postponement policies as intended by Council, or, as expected by ratepayers.

Rates Relief Policy

This risk is managed by allowing for an appeal process to the Judicial Committee of Council.

6. Measurement and Review

Remission and postponement policies, together with relief on Maori freehold land will be reviewed to coincide with the next Long-term Council Community Plan due for adoption by 30 June 2009.

The monetary effect of all rates remission and postponement policies, together with relief on Maori freehold land, are reported to an appropriate committee of Council annually.

7. Policy Statements

7.1 Generic Rates Relief Policies

Objective

To enable Council to provide overall policies which apply to every individual section of the rates relief policies.

Policy Statement

1. Generic policies listed hereunder apply to all Council's rates remission, rates postponement, and relief on Maori freehold land, policy statements.
2. When the policy refers to "ratepayer" the meaning should be as defined in sections 10, 11 and 92 of the Local Government (Rating) Act 2002.
3. Appeals against decisions made by officials acting under delegated authority under this policy may be appealed to Council's Judicial Committee at the discretion of the Chairperson of that Committee. In determining whether or not to hear an appeal, the Chairperson must consider that:
 - a) there is some doubt in the judgement exercised by the official; or,

- b) there is some doubt as to interpretation of the policy; or,
- c) there appears to be a serious issue of equity and fairness involved.

4. All applications for rates remission or postponement must be made prior to the commencement of the rating year (1 July) unless otherwise specified. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.
5. All remissions and postponements must be reported to the appropriate Committee of Council by 31 August for the year ending the 30 June preceding.

7.2 Remission of Rates

Penalties

Objective

To enable Council to act fairly and reasonably in its consideration of the application of penalties in circumstances outside the ratepayer's control, or, where the ratepayer has previously had an excellent payment record, or, where a ratepayer wishes to clear arrears of rates.

Policy Statement

1. On written application by a ratepayer, and provided that:
 - a) payment is made within 14 days of the penalty charge applying, or an exceptional circumstance has occurred, and that,
 - b) no previous penalties have been remitted for the three years immediately prior to the application of the penalty; then penalty on up to two instalments may be remitted.

(An exceptional circumstance could be the birth, death, illness or accident of a family member at the due date. Remission will also be considered if the ratepayer is able to provide evidence that their

payment has gone astray in the post or late payment has otherwise resulted from matters outside their control. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so).

2. Automatic remission of penalties incurred on instalment one will be made where a ratepayer pays, or Council postpones, the total amount due for the year on or before the penalty date of the second instalment.
3. On written application by a ratepayer, and provided that:
 - a) current year instalments are fully paid; and that,
 - b) all previous year's rates (excluding penalties) are fully paid; then accumulated penalties on prior year's rates will be remitted as follows:

Outstanding rates will have compound interest charged at yearly rests from the date of the oldest debt. The difference between this calculation and the amount outstanding for penalties on the ratepayers account will be remitted.

(Note: the interest rate to be used is that determined in each June for the charging of interest on outstanding accounts. The rate for the current year will be used for the whole calculation).

Decisions on remission of penalties will be delegated to officials as set out in the Council's delegations resolution pertaining to rates relief policies.

Unusable Land

Objective

To enable Council to provide relief from targeted rates set at a fixed amount per rating unit, and uniform annual general charges on rating units which for all practical purposes are unusable.

Policy Statement

On written application of the ratepayer annually, and provided that a rating unit is unusable by applying the following criteria:

- a) the unit is unable to be depastured, cropped or used for pecuniary profit; and
- b) the unit is landlocked or is otherwise only accessible by sea, air or trespass; or
- c) an application for a building permit has been refused, or it is likely that an application would be refused because of the nature of the land, then,

Council may remit targeted rates set at a uniform amount per rating unit, and any uniform annual general charges.

Conditions a) and b), or, conditions a) and c) must be satisfied before consideration will be given for relief.

(Note: This policy is not applicable to land held for conservation purposes).

Decisions on remission of targeted rates and uniform annual general charges on unusable land will be delegated to officials as set out in the Council's delegations resolution pertaining to rates relief policies.

Abandoned Land

Objective

To enable Council to avoid administration costs where it is unlikely that rates assessed on an abandoned rating unit will ever be collected.

Policy Statement

Where any rating unit meets the definition of abandoned land as prescribed in section 77(1) of the Local Government (Rating) Act 2002 and that land is unable to be sold using the authority provided in sections 77-83, then all rates will be remitted on an annual basis.

Decisions on remission of all rates on abandoned land will be delegated to officials as set out in the Council's delegations resolution pertaining to rates relief policy.

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Land Affected by a Natural Calamity

Objective

To enable Council to provide relief to persons whose residential property has been affected by a natural calamity.

Policy Statement

On written application of a ratepayer within three months of a natural calamity, and provided that:

- a) a rating unit has been affected by a natural calamity; and
- b) as a result of that calamity the rating unit is unusable or uninhabitable, then

Council may remit targeted rates set at a uniform amount per rating unit, and uniform annual general charges for the period that the property is unusable or uninhabitable. In no circumstances will loan charges be remitted.

The onus is on the ratepayer to whom relief has been granted under this section of the policy to notify Council within 30 days of the restoration of the use of the property from which date targeted rates and uniform annual general charges will be reinstated.

Should the period of relief under this policy continue beyond 12 months, then renewal of the relief must be applied for, in writing within 30 days of the expiration of the 12 month period.

The Environmental Services Department of Council will be the judge of whether or not the rating unit is habitable or unable to be used for its intended purpose.

In the event of rates relief being provided by Government, or an agency of Government, to Council, on behalf of its ratepayers, the criteria as laid down by the donor will form the basis for relief. If no criteria is laid down, then Council's criteria will apply.

Decisions for remission of rates affected by natural calamity will be delegated to officials as set out in Council's delegations resolution pertaining to rates relief policy.

Land Held for Conservation or Preservation Purposes

Objective

To enable Council to assist in the preservation and conservation of land and its native fauna and flora for the benefit of residents of, and visitors to, the Coromandel Peninsula.

Policy Statement

On written application of a ratepayer annually, and provided that:

- a) a portion of a rating unit has been set aside and covenanted as a conservation area; and
- b) the area set aside is available to, and accessible by, members of the public for their enjoyment; and
- c) it is not used for private pecuniary profit; and
- d) documented evidence of the covenant is provided; then

Council may remit that portion of the rates calculated on the area so covenanted.

Only land value and capital value based rates will be considered for remission.

Upon receipt of the application Council will direct its valuation service provider to inspect the rating unit and prepare a valuation for that part of the rating unit which has been covenanted. The ratepayer may be asked to contribute to the cost of the valuation.

(Note: The valuation service provider's decision is final as there is no statutory right of objection, or appeal, for valuations done this way).

Decisions for remission of rates on land set aside for conservation or preservation purposes will be delegated to officials as set out in the Council's delegation resolution pertaining to rates relief policy.

Community, Sporting and Other Non-profit Organisations

Objective

To enable Council to facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities for the residents of Thames-Coromandel District.

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

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

Policy Statement

On written application of a ratepayer or lessee annually and provided that:

- a) the ratepayer, or lessee, is an organisation of persons whether incorporated or not; and
- b) a rating unit, or division of a rating unit, is used exclusively or principally for sporting, recreation, or community purposes except for galloping races, harness races, or greyhound races; and
- c) the organisation is not operated for private pecuniary profit, nor charges fees of any kind (except for membership subscriptions); and
- d) the primary purpose of the organisation is not 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; then,

Council may remit up to 50% of rates and charges except that; no remission will be granted on targeted rates for water, wastewater, solid waste, or for loan charges.

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

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

This policy does not apply to organisations classed as 50% non-rateable under Schedule 1 Part 2 of the Local Government (Rating) Act 2002.

Decisions for remission of rates for community, sporting, and other organisations will be delegated to officials as set out in the Council's delegation resolution pertaining to rates relief policy.

Rating Units Containing Two Separately Habitable Units

Objective

To enable Council to provide for relief for ratepayers who own a rating unit containing two habitable units but who use the second unit only to accommodate non-paying guests and family.

Policy Statement

On written application of a ratepayer annually, and provided that;

- a) their rating unit contains two habitable units; and
- b) the second unit is used only for family and friends of the occupants of the first unit on a non-paying basis; and
- c) the application is accompanied by a Statutory Declaration made by the ratepayer that declares that b) has been complied with for the current rating year and will continue to be complied with in the ensuing year; then

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Council may remit second targeted rates for water, wastewater, solid waste, any uniform annual general charge, and targeted rates set on a uniform basis for works and services. In no circumstances will loan charges be remitted.

If a rating unit contains more than two habitable units used by non-paying guests and family, only one is entitled to remission.

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

Decisions for remission of rates for rating units consisting of two separately habitable units will be delegated to officials as set out in the Council's delegation resolution pertaining to rates relief policy.

Excess Water Consumption

Objective

To enable Council to provide relief to ratepayers who have metered properties and have suffered excessive water consumption due to a leak or other similar circumstances.

Policy Statement

On written application of the ratepayer, and provided that;

- a) excess water consumption has occurred through a broken or leaking pipe or some exceptional circumstance; and
- b) evidence is provided that the fault has been remedied; and
- c) no other application for remission for excess water use on the particular meter had been granted in the previous two years; then,

Council may remit 100% of excess water use for the first affected billing period, and 50% for the second affected

billing period. After two consecutive periods, no remission will apply.

Decisions for remission of water-by-volume rates for rating units will be delegated to officials as set out in the Council's delegation resolution pertaining to rates relief policy.

New Residential Subdivisions

Objective

To enable Council to provide relief to subdividers for a limited period on newly subdivided rating units.

Policy Statement

On written application of the ratepayer, and provided that:

- a) two or more rating units have been created by a new subdivision; and,
- b) the rating units are held in the name of the original subdivider; and,
- c) no improvements have been made to the rating units other than the provision of grass and fences; and,
- d) the rating units, when sold, are classified as residential for differential purposes; then,

Council may remit the uniform annual general charge and targeted rates set on a "uniform basis per rating unit" on all but one rating unit.

The remission of these rates may be allowed until a rating unit is sold, or for a maximum of two rating years, which ever occurs first. Upon sale, or expiration of two years, the designation of the land for differential purposes will cease to be industrial/commercial; unless sold for that purpose.

Decisions for remission of uniform annual general charges and targeted rates on new residential subdivisions will be delegated to officials as set out in Council's delegation resolution pertaining to rates relief policy.

Note: Application for remission on new subdivisions valued in June will be accepted up until 31 July in any year.

Wastewater Charges for Schools

Objective

To enable Council to provide relief for wastewater targeted rates for educational establishments in the spirit of "The Rating Powers (Special Provisions for Certain Rates for Educational Establishments) Amendment Act 2001".

Policy Statement

Where any rating unit comprises land referred to in clause 6 of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002, Council may remit 40% of any targeted rate set for the operational costs of wastewater (excluding residential accommodation).

(Note: Schedule 1, Part 1, section 6 defines non-rateable land for educational establishments).

This policy does not apply to any targeted rate for capital, or loan charge, set for the purposes of wastewater.

Decisions for remission of targeted rates for wastewater for schools will be delegated to officials as set out in Council's delegations resolution pertaining to rates relief policy.

Rating Units Occupied/Owned in Common

Objective (Rural Rating Units)

To enable Council to provide for relief for rural land that is not contiguous and cannot be independently operated as a viable farming unit, but is farmed as a single entity by the same ratepayer or is farmed as a single entity where a formal lease is held over part of the rail corridor.

Policy (Rural Rating Units)

On written application of the ratepayer, and provided that:

- a) two or more rating units are classified as rural for differential purposes; and
- b) formal lease is held over part of the rail corridor; or the units have the same person or persons entered on the District Valuation Roll as the ratepayer; and
- c) the units are operated as a single farming entity, then

Council may remit uniform annual general charges and targeted rates set on a "per rating unit" basis on all but one unit, except that, if more than one rating unit contains a residence, then such additional rating units will not be eligible for remission.

Where the application for remission relates to leasehold over part of the rail corridor a copy of the lease or confirmation from New Zealand Rail that the land is leased to the party concerned must accompany the application.

Objective (Residential Rating Units)

To enable Council to provide relief for residential land which is contiguous but is not recognised as being used jointly as a single unit.

Policy (Residential Rating Units)

On written application of the ratepayer, and provided that:

- a) two or more rating units are classified as residential for differential purposes; and
- b) the units have the same person or persons entered on the District Valuation Roll as the ratepayer; and
- c) the rating units are contiguous; and
- d) the ratepayer is not the original subdivider; and
- e) the rating units are not being used jointly as a single unit, then

Council may remit uniform annual general charges and targeted rates set on a "per rating unit" basis, on all but one unit except that, if more than one rating unit contains any improvements other than fences, gardens, grass, or sheds, then such additional rating units will not be eligible for remission.

Decisions for remission of uniform annual general charges and targeted rates on residential and rural rating units where the same person or persons appear as the ratepayer, will be delegated to officials as set out in the Council's delegation resolution pertaining to rates relief policies.

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7.3 Postponement of Rates

7.3.1 Extreme Financial Hardship

Objective

To enable Council to provide assistance to ratepayers experiencing extreme financial circumstances which affects their ability to pay rates arrears on their residential property.

Policy Statement

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

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

The ratepayer (or authorised agent) must make an application to council in writing which is to be accompanied by a statutory declaration attesting to details of financial circumstances.

The Council will consider, on a case by case basis, all applications received that meet the criteria described in the first three paragraphs under this section.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.

Before approving an application the Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates arrears, for normal health care, proper provision for maintenance of his/her

home and chattels at an adequate standard as well as making provision for normal day to day living expenses.

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

Any postponed rates will be postponed until:

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

The Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative and financial costs and may vary from year to year. However, arrears penalty will cease to be assessed on postponed rates.

The policy will apply to arrears of rates only.

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

Security for postponed rates will be by way of a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

Decisions for postponement of rates arrears on residential properties will be delegated to officials as set out in Council's delegations resolution pertaining to rates relief policy.

7.3.2 Ratepayers Aged 65 Years and Over

1. Policy Objective

To give ratepayers a choice between paying rates now or later subject to the full cost of postponement being met by the ratepayer and Council being satisfied that the risk of loss in any case is minimal.

2. General Approach

Only rating units defined as residential and used for personal residential purposes by the applicant(s) as their sole or principal residence will be eligible for consideration of rates postponement under the criteria and conditions of this policy.

Current and all future rates may be postponed indefinitely if at least one ratepayer (or, if the ratepayer is a family trust, at least one named occupier) is 65 years of age or older. Arrears and penalties thereon may also be postponed provided those arrears relate to periods after the ratepayer reached 65 years of age.

Owners of units in retirement villages will be eligible provided that Council is satisfied payment of postponed rates can be adequately secured.

Council will add to the postponed rates all financial and administrative costs to ensure neutrality as between ratepayers who use the postponement option and those who pay as rates are levied.

Council will establish a reserve fund out of which to meet any shortfall between the net realisation on sale of a property and the amount outstanding for postponed rates and accrued charges, at the time of sale. This will ensure, that neither the ratepayer(s) nor the ratepayer(s') estate will be liable for any shortfall.

3. Criteria and Conditions

3.1 Criteria

3.1.1 Eligibility

Any ratepayer aged 65 years or over is eligible for postponement provided that the rating unit is used by the ratepayer as their sole or principal residence. This includes, in the case of a family trust owned property, use by a named individual or couple. People occupying a unit in a retirement village under an occupation licence will be able to apply for postponement of the rates payable by the retirement village on their unit with the agreement of the owner of the retirement village.

3.1.2 Risk

Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible. To determine this, an actuary has been engaged to develop a model that will forecast, on a case by case basis, expected equity, when repayment falls due. If that is likely to be less than 20%, the Council will offer partial postponement, set at a level expected to result in final equity of not less than 20%.

Where a ratepayer wishes to postpone both this Council's rates, and those set and assessed by Environment Waikato, this Council will consult with Environment Waikato to ensure that the combined council's rates do not exceed the equity provisions outlined in the previous paragraph.

For prudential reasons, the Council will need to register a statutory land charge against the property to protect its right to recover postponed rates. At present, the law does not allow councils to register such a charge against Maori freehold land. Accordingly, Maori freehold land is not eligible for rates postponement (unless and until the law is

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changed so that the council can register a statutory land charge).

If the property in respect of which postponement is sought is subject to a mortgage, then the applicant will be required to obtain the mortgagee's consent before the council will agree to postpone rates.

3.1.3 Insurance

The property must be insured for its full value and evidence of this produced annually.

To assist ratepayers who are currently uninsured, Council is arranging for the development of a group insurance policy to provide all risks cover, with an excess of \$2,500. This will achieve cover against catastrophic loss at minimum cost. The premium will be treated as part of the postponement fee and thus come within the postponement arrangements. Council expectations are that arrangements for the group insurance policy will be completed in time for it to come into effect from 1 July 2006.

If insurance cannot be arranged because the property is uninsurable, only the land value can be used when calculating maximum postponement allowable under subclause 4.

3.1.4 Rates Able to be Postponed

All rates are eligible for postponement except for:

- (i) targeted rates for water supplied by volume
- (ii) lump sum options which are rates paid in advance.

3.2 Conditions

Any postponed rates (under this policy) will be postponed until:

- (a) The death of the ratepayer(s) or named individual or couple, (in this case the Council

will allow up to 12 months for payment so that there is ample time available to settle the estate or, in the case of a trust owned property, make arrangements for repayment); or

- (b) Until the ratepayer(s) or named individual or couple ceases to be the owner or occupier of the rating unit (if the ratepayer sells the property in order to purchase another within the Council's district, Council will consider transferring the outstanding balance, or as much as is needed, to facilitate the purchase, provided it is satisfied that there is adequate security in the new property for eventual repayment); or

If the ratepayer(s) or named individual or couple continue to own the rating unit, but are placed in residential care, Council will consider them to still be occupying the residence for the purpose of determining when postponement ceases and rates are to be paid in full.

- (c) Until a date specified by Council.

Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Councils administrative and financial costs and may vary from year to year.

The financial cost will be the interest Council will incur at the rate of Council's cost of borrowing for funding rates postponed, plus a margin to cover other costs (these will include Council's own in-house costs, a 1% p.a. levy on outstanding balances to cover external management and promotion costs, a reserve fund levy of 0.25% p.a., and a contribution to cover the cost of independent advice).

To protect Council against any suggestion of undue influence, applicants will be asked to obtain advice from an appropriately qualified and trained

independent person. A certificate confirming this, will be required before postponement is granted.

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

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

4. Review or Suspension of Policy

The policy is in place indefinitely and can be reviewed subject to the requirements of the Local Government Act 2002 at any time. Any resulting modifications will not change the entitlement of people already in the scheme to continued postponement of all future rates. Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in Council's rating information database. This will require the ratepayer(s) for that property to pay all future rates but will not require any payment in respect of rates postponed up to that time. These will remain due for payment on death or sale.

The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

5. Procedures

5.1 Applications must be on the required form which will be available from any Council office.

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

year in which the application is made depending on the circumstances.

7.4 Remission Of Rates On Maori Freehold Land

Background

This policy is prepared under section 108 of the Local Government Act 2002.

Maori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Maori Land Court. Only land that is the subject of such an order, and is owned by more than two persons, may qualify for postponement under this policy.

Section 102(4)(f) of the Local Government Act 2002 directs that Council must adopt a policy on the remission and postponement of rates on Maori freehold land. However section 108(3) clarifies that such a policy is not required to provide for the remission of, or postponement of the requirement to pay, rates on Maori freehold land. In other words, while Council must adopt a policy, the policy could state that no remission of, or postponements to pay, will be considered.

However, Council has in the past operated a remission policy for Maori freehold land in multiple ownership.

In developing the policy for remission of rates on Maori freehold land, Council noted the following:

Resolved:

1. The requirements of the Local Government (Rating) Act 2002 to consider whether or not to adopt a policy of rates relief for Maori freehold land; and,
2. Determined to develop such a policy and in so doing has taken into consideration Schedule 11 of the Local Government Act 2002; and
3. Also determines the following principles should be incorporated in the development of such a policy:

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- a) that as defined in section 91 of the Local Government (Rating) Act 2002, Maori freehold land is liable for rates in the same manner as if it were general land; and
- b) that the Council and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non-collectable; and
- c) that Council recognises that certain Maori owned lands have particular conditions, features, ownership structures, or other circumstances which make it appropriate to provide relief from rates; and,
- d) that any policy formulated does not provide for the permanent remission or postponement of rates on the rating unit concerned; and,
- e) that the Council will not grant relief for targeted rates levied for water, wastewater, or solid waste; and,

Council has also acknowledged the existence of the 1877 agreement and is in discussion with Maori to explore ways of resolving issues of concern. The results of these discussions may require modification to this policy.¹

The overall aim of the policy is to ensure the fair and equitable collection of rates from all sectors of the community but at the same time recognising that certain Maori owned lands have particular conditions, features, ownership structures, or other circumstances which make it appropriate to provide relief from rates.

All policies that provide for remission of rates to ratepayers generally also apply to the ratepayers of Maori freehold land.

¹ The 1877 agreement is one the Thames County Council entered into with local Maori to purchase land for what is now the Thames-Paeroa Road. A condition of the agreement provided that the Maori owners should not have to pay rates. The agreement was subsequently found to be ultra vires Council's powers by the Maori Land Court and as a result Council has continued to levy rates on land covered by the original agreement.

Objective

The objectives of this policy are to enable Council:

- to support the use of the land by the owners for traditional purposes
- to recognise and support the relationship of Maori and their culture and traditions with their ancestral lands
- to avoid further alienation of Maori freehold land
- to recognise and take into account the importance of the land in providing economic and infrastructure support for Marae
- to recognise and take into account the importance of the land for community goals relating to, preservation of the natural character of the coastal environment, protection of outstanding natural features, or protection of significant indigenous vegetation and significant habitats of indigenous fauna
- to recognise the level of community services provided to the land and its occupiers
- recognises matters related to the physical accessibility of the land.

Principles

The principles used in establishing this policy are:

- that as defined in section 91 of the Local Government (Rating) Act 2002, Maori freehold land is liable for rates in the same manner as if it were general land; and
- that the Council and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non-collectable or are uneconomic to collect; and
- that Council recognises that certain Maori owned lands have particular conditions, features, ownership structures, or other circumstances which make it appropriate to provide relief from rates; and,

- that any policy formulated does not provide for the permanent remission of rates on the rating unit concerned; and,
- that the Council will not grant relief for targeted rates levied for water supply, wastewater disposal or solid waste collection and recycling.

Policy Statement

Only land determined to be Maori freehold land by the Maori Land Court, and owned by more than two persons, is covered by this policy.

Application for remission may be made by either the owners of the land, or by Council staff on behalf of the owners. Any such application should be supported by:

- a) schedule of owners; and
- b) certificate of title; and,
- c) confirmation of land status; and
- d) plan of the property; and
- e) aerial photograph if available; and
- f) the objectives that will be achieved by providing a remission.

Council may remit rates for rating units that fall within the following criteria:

- a) the land is unoccupied and no income is derived from the use or occupation of that land; or
- b) the land is better set aside for non-use (because of its natural features) and is unoccupied, and no income is derived from the use or occupation of that land; or
- c) the land is inaccessible and is unoccupied; or
- d) any unoccupied portion of a rating unit if only a part is occupied.

The remission will be for 100% of rates except that no remission will be granted for targeted rates for water, wastewater, or solid waste. If the remission applies to only part of the rating unit, only the portion of property value based rates will be remitted.

Decisions for remission of rates for Maori freehold land will be delegated to officials as set out in Council's delegation resolution pertaining to rates relief policy.

7.5

Postponement of Rates on Maori Freehold Land

Background

This policy is prepared under section 108 of the Local Government Act 2002.

Maori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Maori Land Court. Only land that is the subject of such an order, and is owned by more than two persons, may qualify for postponement under this policy.

Section 102(4)(f) of the Local Government Act 2002 directs that Council must adopt a policy on the remission and postponement of rates on Maori freehold land. However section 108(3) clarifies that such a policy is not required to provide for the remission of, or postponement of the requirement to pay, rates on Maori freehold land. In other words, while Council must adopt a policy, the policy could state that no remission of, or postponements to pay, will be considered.

In developing the policy for postponement of rates on Maori freehold land, Council noted the following:

Resolved:

1. The requirements of the Local Government (Rating) Act 2002 to consider whether or not to adopt a policy of rates relief for Maori freehold land; and,
2. Determined to develop such a policy and in so doing has taken into consideration Schedule 11 of the Local Government Act 2002; and
3. Also determines the following principles should be incorporated in the development of such a policy:
 - a) that as defined in section 91 of the Local Government (Rating) Act 2002, Maori freehold land is liable for rates in the same manner as if it were general land; and

Rates Relief Policy

- b) that the Council and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non-collectable; and
- c) that Council recognises that certain Maori owned lands have particular conditions, features, ownership structures, or other circumstances which make it appropriate to provide relief from rates; and,
- d) that any policy formulated does not provide for the permanent remission or postponement of rates on the rating unit concerned; and,
- e) that the Council will not grant relief for targeted rates levied for water, wastewater, or solid waste; and,

Council has also acknowledged the existence of the 1877 agreement and is in discussion with Maori to explore ways of resolving issues of concern. The results of these discussions may require modification to this policy.²

In developing this policy for temporary postponement of rates on Maori freehold land, Council has particularly noted the objective and endeavoured to make provision to assist ratepayers who wish to develop their land to become economically viable. It is not intended that Council would provide such assistance if owners of Maori freehold land merely wished to "develop" their land by subdivision and sale of portions of the land.

Objective

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

² The 1877 agreement is one the Thames County Council entered into with local Maori to purchase land for what is now the Thames-Paeroa Road. A condition of the agreement provided that the Maori owners should not have to pay rates. The agreement was subsequently found to be ultra vires Council's powers by the Maori Land Court and as a result Council has continued to levy rates on land covered by the original agreement.

Principles

The principles used in establishing this policy are:

- that as defined in section 91 of the Local Government (Rating) Act 2002, Maori freehold land is liable for rates in the same manner as if it were general land; and
- that any policy formulated does not provide for the permanent postponement of rates on the rating unit concerned; and,
- that the Council will not grant relief for targeted rates levied for water supply, wastewater disposal or solid waste collection and recycling.

Policy Statement

Only land determined to be Maori freehold land by the Maori Land Court, and owned by more than two persons, is covered by this policy.

Council will consider postponement of rates where previously unoccupied land is subject to clearing, development, the growing of crops or pasture, or development for tourism or aquaculture.

Application for postponement should be made by the owners of the land prior to commencement of the development. Any such application should be supported by:

- a) schedule of owners; and
- b) certificate of title; and,
- c) confirmation of land status; and
- d) plan of the property; and
- e) aerial photograph if available; and
- f) details of the proposed development; and
- g) the proposed length of postponement and arrangement to pay at the end of the postponement period.

The postponement will be for 100% of rates on rating units meeting the criteria except that no postponement will be granted for targeted rates for water, wastewater, or solid

waste. If the postponement applies to only part of the rating unit, only the portion of property value based rates will be postponed.

Decisions for postponements of rates on Maori freehold land will be delegated to officials as set out in the Council's delegation resolution pertaining to rates relief policy.

Other Council Policies and Statements

Partnerships with Private Sector Policy

Development Contributions Policy

Determining Significance Policy

Statement on Contributions to Decision-making
Processes by Maori

Statement on Water and Sanitary Assessment

Statement on Waste Management Plan

Statement on Council-Controlled Organisations

Partnerships with Private Sector Policy

1.0 Background

The Local Government Act 2002 encourages local authorities to work collaboratively with other agencies (as appropriate) to further its priorities, to promote the well-being of its communities and to make efficient use of resources.

The Local Government Act 2002 requires local authorities to formulate policies on partnerships between the local authority and the private sector. Schedule 10, Part 6 of the Local Government Act 2002 requires that this policy be included and adopted by Council as part of its Long-term Council Community Plan. Section 107 of the Local Government Act 2002 sets out the matters to be included in the policy.

2.0 Issue

Issues to consider include whether any partnership will contribute to:

- community outcomes and the well-being of the community
- Council's vision, mission and strategic programme
- cost effective use of Council resources

The Local Government Act 2002 requires the following matters to be addressed in a policy on partnerships between the local authority and the private sector:

Section 107 Policy on Partnerships with private sector

- (1) A policy under section 102 (4) (e) –
- (a) *Must state the local authority's policies in respect of the commitment of local authority resources to partnerships between the local authority and the private sector; and*
 - (b) *Must include-*
 - i. *The circumstances (if any) in which the local authority will provide funding or other resources to any form of partnership with the private sector, whether by way of grant, loan, or investment, or by way of acting as a guarantor for any such partnership; and*
 - ii. *What consultation the local authority will undertake in respect of any proposal to provide funding or other resources to any form of partnership with the private sector; and*
 - iii. *What conditions, if any, the local authority will impose before providing funding or other resources to any form of partnership with the private sector; and*
 - iv. *An outline of how risks associated with any such provision of funding or other resources are assessed and managed; and*
 - v. *An outline of the procedures by which any such provision of funding or other resources will be monitored and reported on to the local authority; and*
 - vi. *An outline of how the local authority will assess, monitor, and report on the extent to which community outcomes are furthered by any provision of funding or other resources or a partnership with the private sector.*

Partnerships with the Private Sector Policy

- (2) *In this section, partnerships with the private sector means any arrangement or agreement that is entered into between 1 or more local authorities and 1 or more persons engaged in business; but does not include-*
- (a) *Any such arrangement or agreement to which the only parties are-*
 - i. *Local authorities; or*
 - ii. *or more local authorities and 1 or more council organisations; or*
 - (b) *A contract for the supply of any goods or services to, or on behalf of, a local authority.*

3.0 Objectives

This policy will enable Council to enter into partnerships with private sector entities, for the benefit of community well-being, that will further the achievement of community outcomes and that deliver on Councils vision, mission and strategic programme.

This policy outlines the circumstances when Council may consider committing resources under a partnership with the private sector. It also outlines any consultation that would be carried out prior to any such proposal, what conditions Council will impose, the management and assessment of risk, and the monitoring and reporting of funding and resources supplied and how community outcomes are furthered.

4.0 Options

In developing this policy there is a need for Council to give consideration as to what arrangements or agreements might constitute a partnership in terms of the provisions of the Local Government Act 2002 and which bodies/agencies/organisations are considered as being "engaged in business".

The Local Government KnowHow Guide gives the interpretation of 'engaged in business' as 'engaging in an activity for profit'. That is, the continuum of the private

sector could range from those in business to charitable trusts, that are engaged in the activity primarily to generate a profit.

Under section 107(2) of the Local Government Act 2002, arrangements between local authorities or local authorities and council controlled organisations and contracts with private sector organisations for the supply of goods and services are excluded from the definition of a partnership.

5.0 Implementation

This policy is adopted by Council for inclusion in the Draft 2006-2016 Long-term Council Community Plan which is subject to the special consultative procedure before its adoption. This policy subject to amendments as a result of submissions will apply from 1 July 2006.

6.0 Risks

Adoption of policy is a statutory requirement and non-adoption would place Council in breach of this requirement. Risks associated with the implementation of the policy are outlined in the policy statement.

7.0 Measurement and Review

This policy will be reviewed in conjunction with the review period of the LTCCP (the LTCCP will next be reviewed in 2009). Methods for monitoring and reporting with regards to any funding or provision of other resources and of how community outcomes are furthered are outlined in the policy statement.

8.0 Policy Statement

Application of Policy

This policy applies to:

- arrangements or agreements for provision of grants, loans, guarantees, investments or commitments of

- resources between the Council and one or more persons engaged in business;
- arrangements or agreements for a venture where the Council participates with one or more persons engaged in business with some joint objective, whether or not that venture also involves the supply of goods or services by the joint venture to or on behalf of the Council;
- any agreement with one or more persons engaged in business to form a Council organisation, or any agreement to sell shares in a Council organisation to persons engaged in business (this will be in addition to the requirements of section 56 of the Local Government Act 2002 if applicable).

This Policy does not apply to:

- Contracts between the Council and its ordinary suppliers of goods and services (for example of office supplies or legal services);
- Contracts for the supply of goods and services between the Council and its agents for undertaking activities of the Council (such as roading construction and maintenance);
- The borrowing and investment of funds as these transactions are addressed in the Liability Management and Investment Policy;
- Agreements with or grants to community organisations, charitable trusts and other community groups, government departments, not-for-profit-organisations, other local authorities and council controlled organisations that are not engaged in a business activity for profit.

Circumstances in which Council will consider a Partnership

Council will consider entering into a partnership with a private sector organisation when the Council is satisfied that:

- The proposed partnership:
 - will contribute to achieving the community outcomes identified in the Long-term Council Community Plan in an integrated and efficient manner; and

- will promote the social, economic, cultural or environmental well-being of the district, in the present and for the future; and
- will be a prudent, efficient and effective use of the Council's resources in the interests of the district;
- The objective of the partnership is in the interests of the community, but the private sector is unwilling or reluctant to provide sufficient resources without council support;
- The benefits of the proposed partnership (in terms of achievement of community outcomes and promotion of the four aspects of well-being now and in the future) will exceed the costs.

A decision to enter into a partnership with the private sector will comply with the decision-making provisions set out in section 76 (and sections 77, 78, 80, 81 and 82 to the extent applicable) of the Local Government Act 2002.

Consultation

- Any amendments to this policy on Partnerships with the Private Sector will involve consultation using the special consultative procedure.
- No further consultation on a specific partnership proposal will be undertaken, unless:
 - The proposal involves a departure from this policy; or
 - The proposal amounts to a decision to which section 97 of the Local Government Act 2002 applies; or
 - The proposal will result in a significant change to the projected budgets, performance measures, outcomes or other objectives set out in Council's Long-term Council Community Plan; or
 - Council determines that public consultation should occur having regard to the significance of the partnership proposal in terms of Councils Determining Significance Policy.
- If the partnership proposal falls within one of the four categories above, the nature of the consultation undertaken will be determined with reference to

Partnerships with the Private Sector Policy

sections 97, 78 and 79 of the Local Government Act 2002.

Conditions to be Imposed

- Council will require, as a condition of providing funding or other resources to any form of partnership with the private sector, that the private sector partner enter into a written agreement recording the terms of the arrangement or agreement, stating clearly:
 - The objectives of the partnership;
 - The parties' respective responsibilities and obligations under the agreement, including responsibility for obtaining any necessary consents, licences or other approvals, or to undertake any matter or do any thing;
 - Details of Council's agreement to provide funding or other resources to the partnership;
 - Council's expectations in relation to the private sector partner's contribution to the achievement of the community outcomes and the promotion of the aspects of community well-being, current and future including, where possible, target performance measures;
 - Council's requirements in relation to monitoring and reporting of performance; and
 - Consequences of non-performance by the private sector party.

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

Risk Assessment and Management

- In assessing every partnership proposal, the potential risks to Council will be outlined and considered.
- Council will assess risks in terms of the probability of an adverse outcome, the cost/impact of that adverse outcome and the ability to, and cost of, mitigating that risk. It will also take into account:
 - Financial risk;
 - Risk to the reputation of Council and the Thames-Coromandel district;
 - Risk to the capacity of Council to carry out its activities, now and in the future;

- Safety of persons and property;
- Protection of any intellectual property; and
- Any other potential loss.
- A risk management strategy may be developed to minimise or provide cover for risk to the satisfaction of Council.
 - The risk management strategy may include requiring contractual assurances from the private sector partner, such as indemnities and guarantees, and may require closer monitoring and control over the conduct of the partnership.

Monitoring and Reporting to Council on Provision of Funding

A report will be prepared and submitted to Council on a quarterly basis outlining:

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

Assessing, Monitoring and Reporting on Community Outcomes

- Council's monitoring and reporting requirements in relation to any particular partnership will be tailored to reflect the significance of the proposal and the significance of resources allocated to the partnership.
- Council's monitoring and reporting requirements will be included in the written agreement with the private sector partner, and may include the following, as appropriate:
 - A requirement for quarterly financial reports on the partnership project;
 - A requirement for quarterly performance reports on the achievement by the partnership of the relevant community outcomes, and any impacts on the social, economic, cultural and environmental well-being of the community; and
 - A requirement to report on specifically agreed outcomes and objectives.

Development Contributions Policy

1.0 Introduction

Local authorities are required, under section 102 of the Local Government Act 2002, ("the Act") to adopt funding and financial policies as part of their financial management obligations. One such policy is a policy on development contributions or financial contributions. Development contributions may be sought to meet the increased demand for community facilities resulting from growth and new development in a district.

This document contains the Development Contributions Policy accompanying the Thames-Coromandel District Council Long-term Council Community Plan 2006-2016.

The Council acknowledges that new development is occurring throughout the Thames-Coromandel District. This places demands on the Council to provide a range of new and upgraded infrastructure. This policy provides the means by which the Council may seek development contributions from new development where the effect of that development requires the Council to incur capital expenditure.

In terms of this Policy, development contributions will be sought to meet the growth related component of capital expenditure on the following categories of works and services:

- District roading
- Community roading
- Water supply, wastewater treatment, stormwater and solid waste management
- Harbour facilities, wharves and boat ramps
- District community infrastructure, local community infrastructure and local reserves
- Cemeteries, libraries, public toilets and swimming pools
- Reserves.

2.0 Statutory Obligations

2.1 Background

The Council in adopting the Thames-Coromandel Development Contributions Policy 2004, as required by 102(4)(d) of the Act, considered the options available to it and determined that a development contributions policy was the most practical and efficient means of securing sources and levels of funding to meet costs associated with growth and new development. It set out its reasons in Section 2.2 of that policy. A summary of the consideration of options is contained in Appendix E.

In adopting it, the Council also resolved to commence a review of the policy. In carrying out the review the Council, in addition to determining matters of content of the policy, has determined:

- that the decision to amend the Development Contributions Policy for inclusion in the draft LTCCP 2006-2016 is a significant decision;
- that it believes it has met the decision-making and consultation requirements of the Local Government Act 2002 to the extent required; and
- that it is appropriate that a process of consultation involving affected parties through the Review Focus Group, to be followed by the Special Consultative Procedure under Section 83 of the Act, provides an appropriate level of consultation for the review of the Development Contributions Policy.

Development Contributions Policy

2.2 Limitations on Contributions

While territorial authorities are able to seek both development contributions for infrastructure under the Local Government Act 2002 (the Act) and financial contributions under the Resource Management Act 1991, (RMA) Section 200 of the Act contains certain limitations. A territorial authority must not require a development contribution where it has imposed a contribution requirement on the same development under the RMA or where developers or other parties fund the same infrastructure.

This policy therefore sets out clear limitations on requirements for development contributions under the Act where other sources of funding exist to wholly or partly fund infrastructure.

Although under the Proposed Thames-Coromandel District Plan, the Council may impose a financial contribution as a condition of resource consent it shall in preference, take development contributions under this Policy on subdivisions and development.

However, the financial contribution requirements for car parking in the Proposed Thames-Coromandel District Plan Section 470 on business development in town centres will be retained and development contributions under this Policy will not be sought for this activity.

Nothing in this policy will diminish from any requirements under the District Plan, (such as landscaping conditions and parking requirements) which impose works or financial contributions to avoid, remedy or mitigate the adverse effects of any development on the environment.

Nothing in this Policy, including the amounts of development contribution payable in Tables 4 and 5 and Appendix B, will diminish from any other legal requirement to make a payment for community facilities other than a development contribution, including connection fees, any agreed headwork contribution specified in Section 5.1.4 of this Policy or any other fee required to be paid by agreement with the Council.

3.0 Development Contributions Policy in Context of Long-Term Council Community Plan (LTCCP) and other Council Policies (including Revenue and Financing Policy)

The Development Contributions Policy is an important element of the Long-term Council Community Plan as one means of providing adequate and effective provision to meet the expenditure needs in the life of the plan. Section 102(4)(d) requires the Council to adopt a development contributions policy or a financial contributions policy as part of the LTCCP.

The Revenue and Financing Policy, required to be adopted under section 102(4)(a) of the Act, must state amongst other things, the Council's policies in respect of the funding of capital expenditure from sources including development contributions and financial contributions.

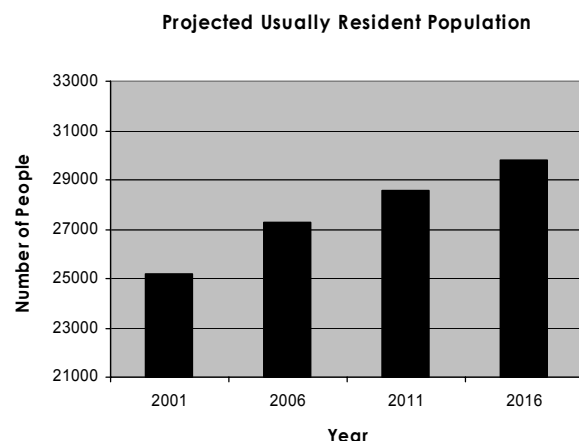
4.0 District Growth

4.1 Resident and Holidaymaker Populations

The Thames-Coromandel District had a usually resident population of 25,176 persons in 2001. The population had grown relatively slowly between 1996 and 2001, with a net gain of only 357 persons in that time. However, with the aging of the New Zealand population and increasing numbers of retirees living in the District, the resident population is expected to increase to around 29,800 people by 2016, an increase of 18% on the 2001 count.

The District is also well known as a sought-after location for holiday homes and visitor accommodation. The incoming population during holiday periods is known to be substantial. The Thames-Coromandel 2003/04 Peak Population Study for the period 26 December 2003 to 4 January 2004, estimated a peak population on 31 December 2003 of 142,375 people, 5.56 times the usually resident population of 25,000 people. On 4 January 2004, there were still an estimated 92,900 people in the District.

The combination of a growing resident population and the on-going demand for holiday homes, means that the rapid growth in the District's dwelling numbers is set to continue. Dwelling numbers are expected to increase from around 22,000 in 2006 to over 28,000 in 2016.



The Council is aware of the demands for new infrastructure to service the rapidly growing numbers of residential lots and increased demands for a range of community infrastructure (such as boat ramps, coastal reserve amenities and parking areas) from the visitor population. Holiday homes, in spite of low occupancies for much of the year, are required to be serviced to standards that will meet demands at peak periods.

Cases have occurred where infrastructure improvements have been unable to keep pace with new development. Moratoriums on new development at Tairua, Pauanui and Hahei have had to be introduced in recent years and will remain in place until water and wastewater infrastructure improvements have been implemented.

The demand for holiday homes can be extremely sensitive to wider economic and market forces. Where the Council invests in major infrastructure in response to growth, it can find itself in the position where the rapidly falling demand for land and homes can delay the recovery of costs.

New development associated with growth of the annual visitor population and the ability to fund supporting infrastructure and recover the costs, is now a significant issue facing the Council.

In addition, the relatively small resident community is not well placed to fund major new infrastructure works.

- 20% (1 in 5) of the population in the District in 2001 was aged 65 years and over, compared with only 12% of the whole New Zealand population;
- Median annual personal income in the District in 2001 was \$14,700 compared with \$18,500 for all New Zealand

4.2 Key Statement on Growth

The Council is aware of the vibrancy and economic benefits that growth and development can bring to the Thames-Coromandel District and acknowledges new growth. However the Council is also well aware of the potential adverse effects of growth on the environment. It recognises the potentially high costs of providing new infrastructure for development and intends to ensure that these costs are adequately and sustainably accounted for. It has made it very clear in a number of policy documents that:

- development must be sustainable and the environment must be protected;
- services must be adequate and affordable;
- the Council itself must remain financially sustainable in the long-term;
- it must be prudent in its financial management; and
- it must be fair and equitable.

Development Contributions Policy

The Council does not accept a “growth at all costs” approach and will only provide servicing for growth where the above criteria are met.

5.0 Significant Assumptions Underlying this Policy

5.1 Financial Assumptions

5.1.1 The revenue for rates will be sufficient to meet the operating and maintenance costs of capital expenditure in the future and no operating and maintenance expenditure will be funded from development contributions in accordance with section 204(1)(b) of the Act. The funding of operating and maintenance costs will be in accordance with the Council's Revenue and Financing Policy.

5.1.2 The cost of any work or any part of any capital work deemed to be for replacement or renewal of an asset and the cost of any new works required to improve the levels of service to existing households and businesses, will not be funded from development contributions. The funding of replacement or renewal costs and any costs to raise levels of service, will be in accordance with the Council's Revenue and Financing Policy.

5.1.3 In cases where funds have previously been collected through financial or development contributions, the Council will offset the value of these contributions against proposed expenditure on the same service type in the same service catchment for which it was collected, wherever possible. However, the Council may apply funds collected to a larger service catchment to achieve administrative efficiency.

5.1.4 Headworks contributions have, in the past, been taken on new water and wastewater connections in various centres in an effort to make new development contribute toward major infrastructure previously provided. This Development Contributions Policy (with the exception of some cost recovery for surplus capacity in works done from 2001 to 2004) is forward looking and seeks to recover a portion of the costs of future works from new development. Upon the

adoption of this policy, all headworks will cease to have effect.

5.1.5 The project cost amounts used in calculating development contributions under this Policy will be those in the Council's financial statements, which include adjustments for inflation and there will be no provisions in this Policy for an annual increase for inflation.

5.1.6 Interest on borrowings to fund capital works resulting from new growth will not be included in the calculation of development contributions under this Policy and interest will be funded through rates on existing and new development, provided that the development contribution amounts can be shown to be sufficient to recoup all growth related capital expenditure by 2016, thus reducing debt and minimising interest.

5.1.7 The Council will not introduce an adjustment to the development contribution amounts, to take account of any possible long term cross subsidy from rates paid by new ratepayers to fund part of the interest on borrowings for works to deal with any service level deficiencies being experienced by existing ratepayers. This is because of:

- the uncertainty of interest rates in the long term; and
- the absence information on the relative costs of improving levels of service to existing ratepayers and of providing additional capacity for growth after 2016.

5.1.8 Depreciation of capital expenditure related to growth will be funded through rates on existing and new development, and not capitalised and collected through development contributions and a depreciation adjustment will not be included in the calculation of development contributions to offset any possible cross-subsidy between existing and new ratepayers.

5.2 Growth Assumptions

5.2.1 In order to calculate the amount of development to which the growth related portion of capital expenditure for infrastructure will be attributed, area-by-area projections of

new Units of Demand for services in the period 2006 to 2016 are required.

5.2.2 The Council maintains a detailed Rating Database that provides the numbers of Rating Units and Rating Charges for all areas of the District.

5.2.3 The numbers of Rating Charges provide a close correlation with numbers of lots in the District and the number of multiple units of activity on any lot where this is the case and is therefore considered to be an accurate measure of Units of Demand for services.

5.2.4 The Development Contributions Model, spreadsheet TcdcProjections3e_00.xls, described in Appendix C, contains the number of Rating Charges for each service type existing at the time of 2005/06 rates year in each of 37 Development Areas making up the District.

5.2.5 Assumptions have been made as to the expected annual increase in the numbers of Rating Charges and hence Units of Demand to 2016, in all Development Areas using District and area growth rates in the LTCCP.

5.2.6 The spreadsheet TcdcProjections3e_00.xls returns the expected increase in Units of Demand for each service type for each of the 37 Development Areas.

5.3 Best Available Knowledge

5.3.1 The estimates of capital expenditure in this Policy, for all service types, are based on the best available knowledge of projects, their costs, their staging and timing and other related information, at the time of adoption of this Policy.

5.3.2 These estimates will be refined over time as asset management plans are prepared and adopted, as project planning is advanced and as further knowledge of the asset becomes available.

5.3.3 However the Council aims to provide all reasonable levels of information required to support this Policy. In doing so, the Council will identify, as part of this Policy and in each review

of this Policy, further work to be undertaken in order to improve the available knowledge under each asset type.

5.3.4 The absence of particular information on any asset or work at any given time, shall not be deemed to be reason for not requiring development contributions under this Policy.

5.4 Service Level Assumptions

5.4.1 There will be no requirement under this Policy for new development to be serviced above Service Standards.

5.4.2 Where new developments are serviced to levels above Service Standards and the Council is required to fund any portion of such works that will improve the Existing Levels of Service (ELS) to existing communities, it shall not be required to fund more than is required to meet Service Standards.

5.4.3 The Council aims over time to raise the service levels in existing communities where the ELS is below Service Standards.

5.4.4 The Council may vary the standards normally set for a project where Service Standards may not be immediately attainable or economically efficient and the Council may vary standards used on projects depending on priorities by area and service type.

5.5 Assumption on Cumulative and Network Effects

5.5.1 In accordance with section 199(3) of the Act, development contributions may be required under this Policy, where the effect of a development may, in combination with other developments, have a cumulative effect including the cumulative effects of developments on network infrastructure.

5.6 Limits on Costs Eligible for Inclusion in Development Contributions

5.6.1 In accordance with section 199(2) of the Act, development contributions may be required to be used to fund capital

Development Contributions Policy

expenditure already incurred by the Council in anticipation of development in the six years prior to the first adoption of this Policy.

5.6.2 In calculating development contributions under this policy, the contributions shall not include the value of any project or work or part of any project or work required for:

- Rehabilitating or renewing an existing asset; or
- Operating and maintaining an existing asset.

5.6.3 In accordance with section 200(1) of the Act, no development contribution calculated under this Policy shall include the value of any funding obtained from third parties, external agencies or other funding sources in the form of grants, subsidies or works. This limitation shall not include the value of works provided by a developer on behalf of the Council and used as a credit against contributions normally payable, which the Council may seek to recover from other developers in contributions.

5.6.4 If a project involves the replacement of an existing asset which has remaining useful life, and which has not been identified as being replaced by any other project in the Development Contributions Calculation Period, and there is a marginal cost to provide for existing dwellings and businesses over and above the cost to provide for new developments, then the project cost shall be reduced by the amount of accumulated depreciation accrued to the asset being replaced, provided the amount of reduction does not exceed the marginal cost.

5.7 Development Contributions Calculation Period

5.7.1 In order to include in the calculation of development contributions, the expenditure incurred by the Council in the six years prior to the adoption of this Policy, to be known as "surplus capacity" (See section 6.1.1), the commencement of the Development Contributions Calculation Period is 1 July 2000.

5.7.2 Ideally, capital expenditure on infrastructure that will serve new development should be recovered over the take-up period of the project, or a period of time *sufficient to allow recovery from all development that caused that expenditure*. Recovery of the whole cost of a particular work over a shorter period from only those dwellings and businesses establishing in that period, may place an unfair burden on those households and businesses. Households and businesses developing after the period will arrive to a fully paid up asset with spare capacity for their developments.

5.7.3 While a twenty-year period of cost recovery for most asset types is likely to be more equitable, long-term infrastructure planning beyond the life of the LTCCP (2016) is not yet sufficiently advanced to develop a twenty-year development contribution outlook.

5.7.4 This Policy therefore, until it is reviewed, uses a Development Contributions Calculation Period extending from 1 July 2000 (to include surplus capacity) to 30 June 2016 consistent with the LTCCP. The Council however will consider the attribution of the part of the costs of projects occurring in the period to 2016 among those Units of Demand that will only occur after 2016, to ensure more equitable attribution under Schedule 13 of the Act.

6.0 Principles of Application

6.1 Surplus Capacity Principle

6.1.1 The Council has in recent years undertaken works or acquired land in anticipation of development, which it seeks to recover in development contributions yet to be made. The Council may include in its calculation of development contributions, capital expenditure made in anticipation of development up to six years prior to the date upon which this Policy is adopted or 1 July 2000 whichever is the earlier, and the value of such expenditure will be known as "surplus capacity."

6.2 Subsidies and Other Sources of Funding

- 6.2.1 The value of any subsidy or grant toward the value of any project or work shall be deducted prior to the allocation for funding of the balance portion project cost between development contributions and other sources of Council funding.

6.3 Vested Assets

- 6.3.1 No expenditure on works to avoid, remedy or mitigate the adverse effects of any development on the environment, such as roading, wastewater, water supply and stormwater works (even where this may at some stage vest in the Council) shall be included in the calculation of development contributions under this policy.
- 6.3.2 The value of assets vested or expenditure made by a developer, pursuant to a requirement under the Resource Management Act 1991, shall not be used to offset development contributions payable on development unless all or a portion of such assets can be shown to reduce the need of the Council to provide infrastructure for which contributions are sought.

6.4 Appropriate Sources of Funding

- 6.4.1 The Council carries out expenditure on capital works in order to either:
- improve the level of service to existing dwellings and businesses; or
 - provide services for new developments; or
 - provide for a combination of both.
- 6.4.2 Section 101(3) of the Act states that the funding needs of a local authority must be met from those sources that the local authority “determines to be appropriate”. In applying this Policy, the Council has had regard to all the aspects of Section 101(3) to ensure that expenditure is met from appropriate sources.

- 6.4.3 Although in doing so, under section 101(3)(a)(ii) a local authority must consider the distribution of *benefits* of spending between the whole community, parts of it and individuals, the Council must also consider section 101(3)(a)(iv) – the extent to which the action or inaction of individuals or a group contribute to the need to undertake the activity.

- 6.4.4 The Council believes that it is appropriate, while not excluding other considerations under Section 101(3), to give particular weight to Section 101(3)(a)(iv) of the Act, in allocating costs between existing households and businesses and new development, depending on the differing extent to which existing and new development causes a capital expenditure to be undertaken.

- 6.4.5 While existing dwellings and businesses may be considered to benefit from a particular capital work intended to service new development, it is a key principle of this Policy that, where existing dwellings and businesses are already at Service Standards and are not part of the cause of the work, they should not be required to contribute toward its cost.

- 6.4.6 However, where existing dwellings and businesses are below Service Standards, and will benefit wholly or partly from a capital work, then the Council will be required to fund all or a part of the work other than by development contributions.

- 6.4.7 Similarly, where new development may benefit from work carried out to raise levels of service to existing dwellings and businesses, where new developments are adequately serviced and are not part of the cause of the work, they should not be required to contribute toward its cost.

6.5 Principle of Project Cost Sharing

- 6.5.1 The cost of any project or work identified in the Development Contributions Calculation Period shall, after deductions for subsidies and other sources of funding, be allocated between:

Development Contributions Policy

- (a) The costs for *improving levels of service* to existing households and businesses, to be expressed as the ILOS Cost; and
- (b) The costs for providing *additional capacity* to accommodate development of new households and businesses, to be expressed as the AC Cost.

6.5.2 The Council will allocate project cost between ILOS and AC using the causation based methodology described in Appendix C.2.

6.5.3 The methodology used is a modified Unit of Demand approach to the cost allocation of Combined Projects using an Improved Level of Service (ILOS) cost calculation incorporating Replacement Cost to Service Standard (RCSS) and Optimised Depreciated Replacement Cost (ODRC) variables with a requirement to state Remaining Service Life (RSL) of an existing asset and Additional Service Life (ASL) given by the new asset as a crosscheck for audit purposes but with these two variables not brought into the calculation.

6.6 Determination of Units of Demand and allocation

6.6.1 In accordance with Schedule 13 of the Act, the additional capacity (AC) component of capital expenditure associated with new development in any service catchment will be allocated equally between the numbers of new Units of Demand expected to occur in that catchment during the Development Contributions Calculation Period.

6.6.2 The Council has determined that Units of Demand generated by different land use types shall be those reflected in Table 1.

6.6.3 Demand for services may be necessitated by the creation of new lots that are required to be serviced in advance of their occupation. Demand for services may also be generated by the use and development of lots including the intensification or expansion of uses on those lots.

6.6.4 In the application of this Policy, no further contribution will be required where development contributions have already been paid for the creation of any lot or the development on that lot, other than where further lots are created or further development occurs.

6.6.5 All lots and development existing at the time of adoption of this Policy, whether or not a contribution has been paid under any prior legislation shall be deemed to have had due contributions paid. This shall not include any lot or development for which a contribution has been required and has not yet been paid.

Table 1 Units of Demand generated by subdivision and development	
Lot Unit of Demand	Units of demand
One residential or rural lot	1.0
One mixed use residential/commercial lot	1.0
One commercial or industrial lot with an area of less than 1000m ²	Lot area divided by 1000m ²
One commercial or industrial lot with an area of 1000m ² or more	1.0
Activity Unit of Demand	Units of Demand
One dwelling unit (including any hotel, motel or other tourist accommodation unit, or retirement unit – of two or more bedrooms per unit)	1.0
One commercial or industrial unit including the commercial part of any activity excluding any part that comprises hotel rooms, motel rooms or other accommodation units	The gross business area on the lot (or in the case of calculating contribution for stormwater, the impervious area) multiplied by the applicable Unit of Demand factors in this table.

Any hotel room, motel room or other tourist accommodation unit, or retirement unit – of one or less bedrooms per unit)	0.5
Any hotel room, motel room or other tourist accommodation room or any room in a retirement unit or school, normally accommodating more than 3 persons	The number of persons accommodated in the room divided by 6.
Any development including dwelling units, hotel rooms, motel rooms or other tourist accommodation units, or retirement units situated on multiple storeys with or without commercial or industrial activity	For stormwater ONLY, the impervious area multiplied by the applicable Unit of Demand factor in this table.
Any other activity not specified above	For roading, water supply, sewerage and stormwater only, the gross floor area of the activity divided by 250m ² (or in the case of calculating a contribution for stormwater, the impervious area multiplied by the applicable Unit of Demand factor in this table)
For the purposes of calculating water supply and wastewater development contributions ONLY, the Council may require a development contribution to be paid for any existing legally established lot or activity, which is to be connected for the first time to either the water supply network or the wastewater network, as the case may be, where no development contribution or other such payment for these services can be shown to have been previously paid.	

Unit of Demand Factors	
Roading	0.0020 per m ² of gross business area on the lot used principally for commercial or industrial purposes.
Water supply	0.0016 per m ² of gross business area on the lot used principally for commercial or industrial purposes.
Sewerage	0.0016 per m ² of gross business area on the lot used principally for commercial or industrial purposes.
Stormwater	0.00278 per m ² of the impervious area of the lot.
Community infrastructure	0.0010 per m ² of gross business area on the lot used principally for commercial or industrial purposes.

6.6.6 The different Units of Demand generated by a unit of commercial or industrial activity as compared with a unit of residential activity, arise mainly from the scale of activity. This Policy uses lot size in the case of subdivision and gross business area in the case of business development as a proxy for assessing the different Units of Demand on services, likely to be generated respectively by residential and business activity.

6.6.7 Further, this Policy assumes that as well as the *scale of activity*, business activity has the potential to place greater demands on services as compared to residential activity, as a result of the *nature of the activity* (e.g. as a result of higher and heavier traffic volumes, higher impervious area). This Policy incorporates multipliers (Unit of Demand Factors) that are intended to take account of the likely additional effect of business activity on service infrastructure.

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6.6.8 The assumptions used in this Policy to derive the Units of Demand Factors for business in Table 1 are described in Appendix D.

6.7 Principle of Periodic Review

6.7.1 Section 102(6) of the Act requires that any amendment of a development contributions policy may only occur as an amendment to the LTCCP. Unless under Section 93(4), the Council chooses to do so earlier, this Policy will be reviewed every three years as part of the LTCCP Review process.

6.8 Development Areas (Catchments)

6.8.1 The Council considers that development contributions should be required from development on an area-by-area or "catchment" basis.

6.8.2 The Development Area is the area within which growth and development is occurring, which is likely to give rise, either solely or cumulatively to the need for particular works or groups of works.

6.8.3 In general the Council will use large *District-wide* or *sub-District* development areas for the recovery of the costs of projects, which occur as a result of the cumulative effects of growth in the whole District or large parts of it. Typically District-wide or sub-district development areas will be used for the attribution of the growth related costs of community facilities such as District roading, harbours, boat ramps and wharves, libraries etc

6.8.4 The Council will use *community board* areas for the recovery of costs of projects more closely associated with growth within and around recognised local communities areas. Typical services at this level will include community roading and parks.

6.8.5 The Council will use more *localised settlement* areas for the recovery of the costs of projects, which occur as a result of the effects of growth in specific areas such as stormwater catchments, water and wastewater connection areas and

local areas, where growth directly causes the need for new infrastructure.

6.8.6 The Development Areas used in this Policy are included in Section 7.

6.9 Reserves

6.9.1 Section 199(1) of the Act allows the Council to require development contributions for reserves. Sub-sections 203(1)(a) and (b) of the Act require that the amount of such contributions shall not exceed the greater of 7.5% of the value of additional lots created by subdivision and the value equivalent of 20 square metres of land for each additional household unit created by development.

6.9.2 This Policy requires that in the case of a subdivision or a development for residential purposes, a development contribution shall be made, equivalent to:

- (a) the average market value of 15m² of land, as determined by a registered land valuer appointed by the Council, no more than 90 days prior to the payment of the contribution, for each additional allotment created by subdivision, provided that the contribution shall not exceed 7.5% of the value of the additional allotments created by subdivision; or
- (b) the average market value of 15m² of the land, as determined by a registered land valuer appointed by the Council, no more than 90 days prior to the payment of the contribution, on which the development is occurring for each additional household unit created by the development.

6.9.3 In calculating a reserve contribution, Clause 6.9.2 and Clause 8.2.2 shall apply. Table 7 in Appendix B is intended to show *indicative estimates only* of reserve contributions that may be payable in each of the urban settlements of the District, based on average land values for each settlement at 31 July 2003. Table 7 shows that the development contributions for reserves will not exceed the limitations imposed by sub-sections 203(1)(a) and (b) of the Act.

6.9.4 No reserve contributions shall be payable on any rural residential activity or on any non-residential activity in urban or rural areas. Reserve contributions shall be payable on any residential activity in any Coastal Village, Coastal Residential or Rural Village Zone.

6.9.5 The Council will also waive or reduce the reserve contribution in accordance with Policy 8.4.2, in cases where it does not intend to or is unlikely to incur costs in providing reserve land within the Development Contributions Calculation Period.

7.0 Schedule of Contributions and Development Area Maps

7.1 Section 106(2) of the Act requires a policy on development contributions to summarise and explain the capital expenditure that the Council expects to incur to meet the increased demand for community facilities resulting from growth.

Thames-Coromandel Development Contributions Policy				
Table 2: Funding of Capital Expenditure by Source of Funding				
Return to Index				
COMMUNITY FACILITY	TOTAL COST OF CAPITAL WORKS PROJECTS	OTHER SOURCES OF FUNDING	TOTAL IMPROVED LEVEL OF SERVICE COMPONENT	TOTAL CAPITAL EXPENDITURE FOR GROWTH (TO BE FUNDED BY DEVELOPMENT CONTRIBUTIONS)
District Roading	\$ 70,174,208	\$ 29,245,285	\$ 33,232,263	\$ 7,696,660
District Community Infrastructure	\$ 26,929,254	\$ -	\$ 20,425,753	\$ 6,503,501
District Solid Waste, Stormwater, Wastewater and Water Facilities	\$ 5,329,372	\$ -	\$ 3,745,344	\$ 1,584,028
Area Roading	\$ 18,676,892	\$ -	\$ 14,291,513	\$ 4,385,379
Area Community Infrastructure	\$ 37,108,413	\$ -	\$ 17,778,683	\$ 19,329,730
Area Water Supply	\$ 89,070,976	\$ -	\$ 56,372,233	\$ 32,698,743
Area Wastewater	\$ 145,219,667	\$ -	\$ 67,108,203	\$ 78,111,464
Area Stormwater	\$ 84,108,170	\$ -	\$ 68,164,520	\$ 15,943,650
Reserves	\$ 34,146,542	\$ -	\$ -	\$ 34,146,542
TOTAL	\$ 510,763,494	\$ 29,245,285	\$ 281,118,512	\$ 200,399,697

7.2 It also requires the Council to state the proportion of capital expenditure that will be funded from other sources and the total amount of funding to be sought by development contributions for each activity or group of activities. Tables 2, 3, 4 and 5 show, for each type of activity the breakdown of capital expenditure that will be sourced from development contributions and other sources of funding.

Thames-Coromandel Development Contributions Policy				
Table 3: District-wide Development Contributions				
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Community Facility	Development Areas where Development Contributions Payable	Growth Component of Capital Works Projects for Development Contributions Period (Less Contributions Received)	Units of Demand for Development Contributions Period	Development Contribution per Unit of Demand
District Roading	All Development Areas	\$ 5,912,422	7,377	\$ 801
District Community Infrastructure	All Development Areas	\$ 20,309,023	7,377	\$ 2,753
District Solid Waste	All Development Areas	\$ 1,570,271	6,285	\$ 250
The amount of any development contribution indicated in this table is exclusive of GST.				

7.3 Table 2 shows that in the Development Contributions Calculation Period, Council expects to recover approximately \$200.0 million (39.2%) of its proposed capital expenditure of \$510.76 million, from development contributions.

7.4 Other sources of funding of capital expenditure in Table 2 may include:

- (a) Outside sources of funding such as Transfund subsidies, grants, regional council or central government funding;
- (b) Funding from sources such as rates and sale of assets;
- (c) Funding from financial contributions previously made for the same asset, in accordance with section 207 of the Act.

7.5 Section 201(2) of the Act requires that the development contributions policy must contain a schedule of contributions in accordance with section 202. In accordance with section 202, Tables 3, 4 and 5 show the development contributions payable for each community facility type in each part the District.

7.6 To determine the development contribution per unit of demand when considering an application for subdivision or development, the Council shall:

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- identify the development area in Tables 3, 4 and 5 in which the development falls, using the Maps accompanying this Policy, showing Development Areas 1 to 37;
- identify the Development Contribution per Unit of Demand for each community facility type in the Tables, applicable to that development area.

Thames-Coromandel Development Contributions Policy				
Table 4: Community Area Development Contributions				
Return to Index				
Community Facility	Development Areas where Development Contributions Payable	Growth Component of Capital Works Projects for Development Contributions Period (Less Contributions Received)	Units of Demand for Development Contributions Period	Development Contribution per Unit of Demand
Community Area Roading				
	Mercury Bay	\$ 2,651,072	3653	\$ 726
	Tairua Pauanui	\$ 550,147	1653	\$ 333
	Thames	\$ 49,381	680	\$ 73
	Whangamata	\$ 738,816	913	\$ 809
	Coromandel Colville	\$ 99,224	478	\$ 207
Community Area Parks				
	Mercury Bay	\$ 1,704,863	\$ 3,653	\$ 467
	Tairua Pauanui	\$ 735,914	\$ 1,653	\$ 445
	Thames	\$ 25,700	\$ 680	\$ 38
	Whangamata	\$ 49,010	\$ 913	\$ 54
	Coromandel Colville	\$ 27,433	\$ 478	\$ 57
Community Area Halls				
	Mercury Bay	\$ 1,275,750	\$ 3,653	\$ 349
	Tairua Pauanui	\$ 577,000	\$ 1,653	\$ 349
	Thames	\$ 123,355	\$ 680	\$ 181
	Whangamata	\$ 460,337	\$ 913	\$ 504
	Coromandel Colville	\$ -	\$ 478	\$ -
Airport				
	Thames	\$ 262,237	\$ 680	\$ 386

The amount of any development contribution indicated in this table is exclusive of GST.

Thames-Coromandel Development Contributions Policy				
Table 5: Local Area Development Contributions				
Return to Index				
Community Facility	Development Areas where Development Contributions Payable	Growth Component of Capital Works Projects for Development Contributions Period (Less Contributions Received)	Units of Demand for Development Contributions Period	Development Contribution per Unit of Demand
Water Supply				
	Hahei	\$ 33,550	32	\$ 1,037
	Matarangi	\$ 14,694	10	\$ 1,469
	Whitanga	\$ 12,197,262	1979	\$ 6,163
	Tairua	\$ 3,132,938	576	\$ 5,438
	Pauanui	\$ 4,117,365	989	\$ 4,185
	Thames	\$ 686,076	458	\$ 1,498
	Matatoki	\$ 568,481	27	\$ 20,794
	Thames Valley	\$ 1,266,602	81	\$ 15,688
	Whangamata	\$ 9,337,811	799	\$ 10,501
	Oremana	\$ -	44	\$ -
	Coromandel	\$ 1,088,364	176	\$ 6,171
Waste Water				
	Hahei	\$ 3,408,040	75	\$ 45,544
	Matarangi	\$ 8,687,908	921	\$ 9,428
	Whitanga	\$ 23,314,601	1971	\$ 7,658
	Cooks Beach	\$ 769,723	326	\$ 11,045
	Tairua Pauanui	\$ 19,672,501	1529	\$ 6,765
	Thames	\$ 1,291,164	432	\$ 2,990
	Whangamata	\$ 18,146,225	792	\$ 11,748
	Oremana	\$ 15,046	45	\$ 359
	Coromandel	\$ 2,313,203	132	\$ 8,918
Stormwater				
	Cooks Beach	\$ 2,026,498	328	\$ 6,177
	Whitanga	\$ 4,120,568	1963	\$ 2,099
	Tairua	\$ 1,301,478	571	\$ 2,280
	Pauanui	\$ 3,397,352	978	\$ 3,472
	Thames	\$ 1,271,447	510	\$ 2,491
	Whangamata	\$ 2,789,300	845	\$ 3,300
	Coromandel	\$ 832,869	119	\$ 6,980

The amount of any development contribution indicated in this table is exclusive of GST.

8.0 Policy Application

8.1 Requirement for Development Contributions

8.1.1 The Council may, where it will incur or has already incurred capital expenditure as a consequence of development, require a development contribution of money or land or both, to be made by the grantee or the owner of the land subject to the following consents or authorisations, upon the granting of such consents and authorisations, those being:

- (a) a section 224 completion certificate under the Resource Management Act 1991;
- (b) a resource consent under the Resource Management Act 1991;
- (c) a building consent under the Building Act 1991;
- (d) an authorisation for a service connection.

Provided that in the case of a resource consent for land use, where a building consent has not yet been granted for the development:

- (a) a contribution assessment shall be issued by the Council at the time of granting the resource consent and the Council shall advise the applicant that the resource consent shall not be exercised and building work may not be carried out until the development contributions payable under this Policy have been paid;
- (b) at the time the first building consent is issued, and upon invoicing the applicant for the processing of the building consent, the Council shall advise the applicant that any development contributions payable shall be paid prior to the commencement of works;
- (c) the Council shall issue an invoice for payment of the development contribution:
 - (i) at the request of the applicant prior to building work commencing; or
 - (ii) upon payment of the development contribution being received; or

(iii) when a building inspection has been recorded.

No building work shall commence prior to the payment of the development contribution and where work has commenced prior to such payment, the Council shall require work to cease until payment has been made.

8.1.2 In accordance with Clause 9.3.1, the Council shall not seek development contributions retrospectively for Units of Demand in the form of lots or development already legally established at the date of granting consent, other than in the case of a development contribution for water supply or wastewater infrastructure where such Units of Demand are not yet connected to public water supply or wastewater systems and for which no development contribution can be shown to have been previously paid.

8.1.3 The Council will not seek development contributions for network infrastructure, including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems.

8.1.4 Any development contribution required under Clause 8.1.1 (other than a contribution for reserves) shall be assessed in accordance with these rules as at the time of granting consent and shall be paid at a time specified in Clause 8.1.1.

8.1.5 A development contribution for reserves shall be assessed by the Council in accordance with these rules at the time of granting consent using a market land valuation no more than 90 days prior to the granting of consent. However, at the time of payment, specified in Clause 8.1.1, the development contribution shall be re-assessed using the market land value at a time no more than 90 days prior to the payment of the contribution, and the re-assessed amount shall be the amount payable.

8.1.6 With the exception of a development contribution for reserves, and notwithstanding any previous assessment made by the Council, the amount of any development contribution payable shall be calculated in accordance with the Council's adopted Development Contributions

Development Contributions Policy

Policy at the date payment is made. In carrying out a reassessment under this clause, the Council will not reassess the Units of Demand variables (n) and (x) in Clause 8.2.1 but will limit its reassessment to the contribution amounts in variable (a) in Clause 8.2.1.

8.1.7 The Council may require development contributions where, as a consequence of the effect of developments, it incurs or expects to incur capital expenditure for:

- (a) reserves;
- (b) network infrastructure, comprising roads, water supply, wastewater and stormwater collection and management systems;
- (c) community infrastructure, comprising land, including land to be acquired for the purpose, or development assets on land controlled by the Council to provide public amenities including but not limited to harbour facilities, wharves, boat ramps, libraries, cemeteries, public conveniences and halls.

8.1.8 The Council may require development contributions where it has not incurred capital expenditure but has provided a credit against development contributions payable by any person where that person has incurred capital expenditure on behalf of the Council, and which provides additional capacity to serve further development under Clause 8.3.3.

8.2 Amount of Total Development Contribution

8.2.1 The total amount of development contribution payable (excluding a development contribution for reserves – see Clause 8.2.2) when granting any consent or authorisation for subdivision or development, shall be the sum of the development contribution payable for each type of community facility, calculated as:

$$[(a) \times [\Sigma(n) - \Sigma(x)]] + \text{GST}$$

Where:

- (a) = the applicable Development Contribution per Unit of Demand determined from Table 3 – District-wide

Roading, District-wide Community Infrastructure, District-wide Solid Waste, Wastewater, Water Supply and Stormwater, Table 4 – Community Board Area Community Infrastructure and Table 5 – Local Area Water Supply, Wastewater and Stormwater.

Σ = the sum of the terms inside the brackets.

(n) = for each lot at the completion of the consent or authorisation application, the total Lot Units of Demand OR the total Activity Units of Demand, whichever is the greater.

(x) = for each lot in existence (or for which a Section 224 RMA 1991 certificate has been issued), prior to the date of the consent or authorisation application, the total Lot Units of Demand OR the total Activity Units of Demand for the existing development, whichever is the greater.

8.2.2 In addition, to a contribution calculated in Clause 8.2.1, a development contribution for reserves shall be payable, in the case of a subdivision or a development for residential purposes (excluding residential activity in any rural area) equivalent to:

- (a) the average market land value of 15m² of land, as determined by a registered land valuer appointed by the Council, no more than 90 days prior to the payment of the contribution, for each additional allotment created by subdivision, provided that the contribution shall not exceed 7.5% of the value of the additional allotments created by subdivision; or
- (b) the average market land value of 15m² of the land, as determined by a registered land valuer appointed by the Council, no more than 90 days prior to the payment of the contribution, on which the development is occurring for each additional household unit created by the development;

provided that, in the case where a consent for subdivision and a consent for development or a building consent are occurring at the same time, the credit provisions in

Clause 8.3.1 shall apply. Reserve contributions shall be payable on any residential activity in any Coastal Village, Coastal Residential or Rural Village Zone.

8.2.3 For the purposes of obtaining a land valuation under Clause 8.2.2 above, the Council may accept a valuation provided by the applicant.

8.2.4 The applicant for any consent and authorisation under Clause 8.1.1(a) to (d), shall provide all information necessary for the Council to calculate the amount of a development contribution including, in the case of commercial or industrial development, the gross business area and the impervious area of the development.

8.3 Credits

8.3.1 The Council shall, in accordance with the calculation in Clauses 8.2.1 and 8.2.2, apply a credit to the development contribution payable, for Lot Units of Demand or Activity Units of Demand that:

- (a) are already legally established on the lot at the date on which this Policy first became operative, other than in the case of a development contribution payable for water supply and wastewater services where a credit will not apply to any existing Unit of Demand not already connected to either the water supply network or the wastewater network as the case may be and for which no development contribution can be shown to have been previously paid.
- (b) have been legally established on the lot since the date on which this Policy first became operative and for which a development contribution has been paid;
- (c) are not yet established but for which a development contribution has been paid (and not refunded)

8.3.2 The applicant shall be responsible for providing proof of the legal establishment of Units of Demand under Clause 8.3.1(a).

8.3.3 The Council shall apply to a development contribution calculated under Clauses 8.2.1 or 8.2.2, a credit equal to the actual and reasonable costs of works (including the value of any land to be vested) incurred by the applicant on behalf of and by agreement with the Council, which prevents the Council from having to undertake capital expenditure identified in the calculation of development contributions under this Policy.

8.3.4 In the event that the credit payable under Clause 8.3.3:

- (a) is less than or equal to the amount of development contribution otherwise payable, then the amount of the contribution shall be reduced by the amount of the credit;
- (b) is greater than the amount of development contribution otherwise payable, then a refund will be payable by the Council upon granting any consent or authorisation.

8.4 Reductions or Waivers of Development Contributions

8.4.1 The Council will, at the request of an applicant, when considering an application for consent or authorisation for development, consider whether a reduction of a development contribution is appropriate and may require a lesser development contribution than that normally calculated. In doing so, the Council will take into account:

- (a) the extent to which the value and nature of works proposed by the applicant reduces the need for works or the purchase of land proposed by the Council in its capital works programme;
- (b) the extent to which the nature of development reduces the need for works or purchase of land proposed by the Council in its capital works programme.

8.4.2 The Council will waive or reduce the reserve contribution required where:

- (a) an oversupply already exists of reserve land in the general locality of the subdivision or development; or

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- (b) the Council does not intend to or is unlikely to incur costs in acquiring reserve land in the general locality within the Development Contributions Calculation Period.

8.4.3 In considering an application for consent or authorisation for development, the Council may reduce or waive a development contribution where it considers there is a fair and reasonable justification for doing so and this results in a significant public benefit.

8.4.4 In considering an application of an application for consent or authorisation for development of any institutional use, where it can be shown by the applicant that the activity will not result in any increase in demand on Council service infrastructure, the Council may reduce or waive any development contribution payable.

8.5 Review of Development Contributions Payable on a Development

8.5.1 Any applicant who is required to make a development contribution at the time a consent or authorisation for development is granted, may formally request the Council to review the development contributions required.

8.5.2 Any such request shall be made in writing no later than 15 working days after the Council has advised in writing of the development contributions required, setting out the reasons for the review.

8.5.3 Prior to accepting any such request for review, the Council shall require the applicant to provide specific details of the manner in which its proposals will reduce the need for works or purchase of land proposed by the Council in its capital works programme.

8.5.4 In undertaking the review the Council or a Committee of the Council so delegated:

- (a) shall, as soon as reasonably practicable, consider the request;

- (b) determine whether to hold a hearing for the purposes of the review and if it does so, hold that hearing within 20 days of receipt of the request and give at least 5 working days notice to the applicant, of the date, time and place of the hearing;

- (c) may at its discretion uphold, reduce, postpone or waive the original amount of development contribution required and shall advise the person in writing of its decision within 10 working days of making that decision;

- (d) may charge such fee as determined in its annual schedule of fees, to consider the request.

8.5.5 In making any decision under Clause 8.5.4, the Council shall be satisfied that:

- (a) the value and nature of works proposed by the applicant reduces the need for works or the purchase of land proposed by the Council in its capital works programme to a similar extent to that by which the contribution is sought to be reduced; and/or

- (b) the nature of development reduces the need for works or purchase of land proposed by the Council in its capital works programme to a similar extent to that by which the contribution is sought to be reduced.

8.6 Statement on GST

8.6.1 Any development contribution referred to in this Policy or in the accompanying Development Contributions Model and any development contribution required in the form of money, pursuant to this Policy, is exclusive of Goods and Services Tax.

9.0 Audit

9.1 Appointment of Auditor

9.1.1 The Council shall appoint an auditor with appropriate financial and technical expertise, who shall be required to consider all aspects of the calculation of development contributions and to report the findings to the Council. This

Development Contributions Audit shall be in addition to the auditing requirements of the LTCCP.

- 9.1.2 The auditor shall carry out a representative analysis of selected projects in the project lists, provided that the audit is sufficiently wide-ranging in scope to cover coring all service types and catchments contained in the Development Contributions Model.

9.2 Documents to be Audited

9.2.1 The following documents shall be subject to audit by the auditor:

- (a) the Rating Charges projections for the District and for all catchments and the assumptions underlying the projections;
- (b) the project lists in the Development Contributions Model prepared by the Council, the estimated cost of each project, the year/s in which it is to be carried out and the value of any grant or subsidy from a funding source other than the Council;
- (c) information on the catchment to which each project has been allocated;
- (d) information supporting the identification of each project as either:
 - an "existing shortfall project";
 - an "additional capacity for growth project";
 - an "existing capacity for growth project"; or
 - a "combined project".
- (e) for each "combined project", the calculations undertaken to identify the share of costs allocated to additional capacity (AC) and improved level of service (ILOS);
- (f) for each "existing capacity for growth project" the calculations undertaken to identify the current value attributable to growth;
- (g) the funding model;
- (h) the development contribution schedules; and
- (i) accounts of development contributions previously paid to the Council.

9.3 Considerations of the Auditor

9.3.1 The auditor shall examine the documents and consider:

- (a) whether the Rating Charges projections for the District and for all catchments are reasonable and based on sound assumptions and are in accordance with projections in the LTCCP;
- (b) whether there are duplicate projects in the project lists, where a project or part of a project may be listed elsewhere or fall within the scope and costs of another project;
- (c) whether the estimated cost of each project and the current value of any "existing capacity for growth project" is reasonable;
- (d) whether the value of any grant or subsidy from a funding source other than the Council has been declared and has been excluded from the calculation of any development contribution;
- (e) whether the identification of each project as either
 - an "existing shortfall project";
 - an "additional capacity for growth project";
 - an "existing capacity for growth project"; or
 - a "combined project", has been carried out correctly.
- (f) whether the procedures for the determination of the additional capacity (AC) and improved level of service (ILOS) components of each "combined project" have been correctly carried out;
- (g) whether the funding model adjustments have been correctly carried out;
- (h) whether the development contribution schedules have been correctly calculated;
- (i) whether development contributions already paid to the Council, have been accounted for in a manner that indicates that those contributions have been or will be used in the catchment in which they were collected and for the purpose intended.

Development Contributions Policy

9.4 Auditor's Report

and accompanying Development Contributions Model, shall be received, reviewed and reported on by the auditor.

- 9.4.1 The auditor shall make recommendations to the Council and the Council shall formally receive the recommendations in open meeting.
- 9.4.2 The auditor shall recommend to the Council that the documents listed in 9.2 should either be:
 - (a) approved by the Council for notification under Section 83 of the Local Government Act 2002; or
 - (b) be approved by the Council subject to amendments which the auditor shall specify; or
 - (c) not approved by the Council until the documents have been revised and re-examined by the auditor.
- 9.4.3 In making its recommendation the auditor shall give reasons for the recommendation.
- 9.4.4 Prior to making a recommendation the auditor may require the Council to provide such further information as the auditor considers reasonably necessary to enable it to make its recommendation.
- 9.4.5 The Council may provide such further information or may decline to provide further information and give the reasons for doing so.
- 9.4.6 The Council shall formally adopt the documents listed in 9.2 with or without amendment and then notify the documents and the auditor's report in accordance with Section 83 of the Local Government Act 2002.
- 9.4.7 In addition to its requirements to hear submissions on the development contributions documents and the auditors report, the Council shall refer submissions seeking a review of project costs, project classifications and project allocations to the auditor for further consideration and recommendation.
- 9.4.8 Any submission received prior to the audit on any project or matter in relation to the Development Contributions Policy

APPENDIX A - Definitions

The definitions of terms contained in the Council's Generally Accepted Accounting Practice (GAAP) and in the Glossary of Terms Used in the LTCCP, shall apply to any term not defined below.

“Average market land value of 15m² of land” means the average market value of 15m² of land of all lots created by subdivision or of all lots on which a development is occurring, based upon the zoning or underlying zoning of the land and having no regard to any improvements on the land or any existing or proposed designation.

“Bedroom” means a room used for sleeping, normally accommodating no more than 3 persons.

“Development Area” means the whole or any part of the District, defined in this Policy, which will be served by a particular public service or infrastructure type.

“Development Contributions Calculation Period” means the period commencing 1 July 2000 and a date ten years after the date of first adoption of this Policy or such later date as the Council may determine under any review of this Policy.

“Dwelling Unit” means any building or group of buildings or any part of those buildings, used or intended to be used solely or principally for residential purposes and occupied or intended to be occupied by not more than one household – and includes a minor household unit or any unit of commercial accommodation.

“Gross Business Area” means:

- (a) the gross floor area of any building measured from the outer faces of the exterior walls; plus
- (b) the area of any part of the lot used solely or principally for the storage, sale, display or servicing of goods or the provision of services on the lot but not including permanently designated vehicle parking, manoeuvring, loading and landscaping areas, the conversion of which to another use would require resource consent.

Note: In accordance with Clause 8.1.3 the “gross business area” will exclude the area of network infrastructure including pipes, lines and

installations, roads, water supply, wastewater and stormwater collection and management systems, but will include the area of buildings occupied by network service providers, including offices, workshops, warehouses and any outside areas used for carrying out their normal business.

“Gross Floor Area” means the gross floor area of any building measured from the outer faces of the exterior walls but not including permanently designated vehicle parking, manoeuvring, loading and landscaping areas, the conversion of which to another use would require resource consent.

“Impervious Area” means that part of the lot which is not permanently laid out in grass or landscaping or planted in trees and shrubs and includes any part of the lot which is covered by any artificial surface, including semi-permeable surfaces intended for storage or vehicle movement or parking.

“Legally established” means, for the purposes of Section 8.3.1 (a) and (b), any lot for which a title has been issued, or any dwelling, commercial or industrial unit for which a code of compliance has been issued.

“Lot” means any land and or building capable of being disposed of separately.

“Producer Price Index – Construction” means the Statistics New Zealand Producer Price Index – Construction (PPIQ.SNE), or its successor.

“Service Standard” means a level of service for any network infrastructure, community infrastructure or reserves set by the Council having due regard to one or more of the following factors:

- (a) demand data based on market research;
- (b) widely accepted and documented engineering or other minimum standards;
- (c) politically endorsed service levels based on community consultation;
- (d) safety standards mandated by local or central government;
- (e) environmental standards mandated by local or central government;

Development Contributions Policy

- (f) existing service levels, where these are recognised by all concerned parties to be adequate but have no formal ratification;
- (g) efficiency considerations where service standards must take account of engineering and economic efficiency requirements which require a long term approach to optimality.

“Unit” means an independent unit capable of being used separately.

APPENDIX B - Summary of Development Contributions Payable by Area – Development Contributions Excluding Reserves Contributions

Thames-Coromandel Development Contributions Policy											
Table 6: Development Contributions Summary - Excluding Reserves (See Table 7)											
Return to Index											
Community Facility	District Rooding	District Community Infrastructure	District Solid Waste	Community Area Rooding	Community Area Parks	Community Area Halls	Airports	Water Supply	Wastewater	Stormwater	TOTAL
Hahei	\$ 801	\$ 2,753	\$ 250	\$ 726	\$ 467	\$ 349	\$ -	\$ 1,037	\$ 45,544	\$ 52	\$ 51,980
Matarangi	\$ 801	\$ 2,753	\$ 250	\$ 726	\$ 467	\$ 349	\$ -	\$ 1,469	\$ 9,428	\$ 52	\$ 16,296
Whitianga	\$ 801	\$ 2,753	\$ 250	\$ 726	\$ 467	\$ 349	\$ -	\$ 6,163	\$ 7,658	\$ 2,099	\$ 21,267
Whangapoua	\$ 801	\$ 2,753	\$ 250	\$ 726	\$ 467	\$ 349	\$ -	\$ -	\$ -	\$ 52	\$ 5,399
Cooks Beach	\$ 801	\$ 2,753	\$ 250	\$ 726	\$ 467	\$ 349	\$ -	\$ -	\$ 11,045	\$ 6,177	\$ 22,568
Tairua	\$ 801	\$ 2,753	\$ 250	\$ 333	\$ 445	\$ 349	\$ -	\$ 5,438	\$ 6,765	\$ 2,280	\$ 19,415
Pauanui	\$ 801	\$ 2,753	\$ 250	\$ 333	\$ 445	\$ 349	\$ -	\$ 4,165	\$ 6,765	\$ 3,472	\$ 19,334
Thames	\$ 801	\$ 2,753	\$ 250	\$ 73	\$ 38	\$ 181	\$ 386	\$ 1,498	\$ 2,990	\$ 2,491	\$ 11,461
Matatoki	\$ 801	\$ 2,753	\$ 250	\$ 73	\$ 38	\$ 181	\$ 386	\$ 20,794	\$ -	\$ -	\$ 25,276
Thames Valley	\$ 801	\$ 2,753	\$ 250	\$ 73	\$ 38	\$ 181	\$ 386	\$ 15,688	\$ -	\$ -	\$ 20,169
Whangamata	\$ 801	\$ 2,753	\$ 250	\$ 809	\$ 54	\$ 504	\$ -	\$ 10,501	\$ 11,748	\$ 3,300	\$ 30,720
Onemana	\$ 801	\$ 2,753	\$ 250	\$ 809	\$ 54	\$ 504	\$ -	\$ -	\$ 359	\$ -	\$ 5,531
Coromandel	\$ 801	\$ 2,753	\$ 250	\$ 207	\$ 57	\$ -	\$ -	\$ 6,171	\$ 8,918	\$ 6,980	\$ 26,138
Oamaru Bay	\$ 801	\$ 2,753	\$ 250	\$ 207	\$ 57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,069
Rural Mercury Bay	\$ 801	\$ 2,753	\$ 250	\$ 726	\$ 467	\$ 349	\$ -	\$ -	\$ -	\$ -	\$ 5,346
Rural Tairua Pauanui	\$ 801	\$ 2,753	\$ 250	\$ 333	\$ 445	\$ 349	\$ -	\$ -	\$ -	\$ -	\$ 4,931
Rural Thames	\$ 801	\$ 2,753	\$ 250	\$ 73	\$ 38	\$ 181	\$ 386	\$ -	\$ -	\$ -	\$ 4,482
Rural Whangamata	\$ 801	\$ 2,753	\$ 250	\$ 809	\$ 54	\$ 504	\$ -	\$ -	\$ -	\$ -	\$ 5,172
Rural Coromandel Colville	\$ 801	\$ 2,753	\$ 250	\$ 207	\$ 57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,069
The amount of any development contribution indicated in this table is exclusive of GST.											
	A moratorium on connections to the wastewater scheme is currently in place in Hahei therefore this contribution is not payable until connections to the wastewater scheme are available										

Development Contributions Policy

APPENDIX B - Indicative Estimate of Reserve Contributions Payable

Thames-Coromandel Development Contributions Policy						
Table 7: Reserve Contributions Estimate						
Return to Index						
Area	Town Ave Lot Value (ARLV) (\$) (31.7.2003)	Lot Size assumed (m2)	Ave Value per m2	Estimated Reserve Contribution Payable per Lot or H/H Unit (at 15m2 of Land Value)	Comparison - Section 203(1)(a) Limit 7.5% of value of allotment	Comparison - Section 203(1)(b) Limit 20m2 of land value
Hahei	\$ 376,895	600	\$ 628	\$ 9,422	28,267	12,563
Matarangi	\$ 268,561	600	\$ 448	\$ 6,714	20,142	8,952
Whitianga	\$ 179,481	600	\$ 299	\$ 4,487	13,461	5,983
Whangapoua	\$ 397,289	600	\$ 662	\$ 9,932	29,797	13,243
Cooks Beach	\$ 333,654	600	\$ 556	\$ 8,341	25,024	11,122
Tairua	\$ 198,595	600	\$ 331	\$ 4,965	14,895	6,620
Pauanui	\$ 249,348	600	\$ 416	\$ 6,234	18,701	8,312
Thames	\$ 77,747	600	\$ 130	\$ 1,944	5,831	2,592
Matatoki	N/A			N/A		
Thames Valley	N/A			N/A		
Whangamata	\$ 232,709	600	\$ 388	\$ 5,818	17,453	7,757
Onemana	\$ 177,755	600	\$ 296	\$ 4,444	13,332	5,925
Coromandel	\$ 145,944	600	\$ 243	\$ 3,649	10,946	4,865
Oamaru Bay	N/A			N/A		
Rural Mercury Bay	N/A			N/A		
Rural Tairua						
Pauanui	N/A			N/A		
Rural Thames	N/A			N/A		
Rural Whangamata	N/A			N/A		
Rural Coromandel						
Colville	N/A			N/A		
The amount of any development contribution indicated in this table is exclusive of GST.						

APPENDIX C – Development Contributions Model Explanation

Section 106(3) of the Act requires the Council to keep available for public inspection the full methodology that demonstrates how the development contributions contained in its Development Contributions Policy were calculated.

C.1 Introduction

1. The Thames-Coromandel District Contributions Model consists of a series of linked Excel spreadsheets into which have been entered estimates of all of the Council's expected capital works projects included in the adopted Long Term Council Community Plan 2006 to 2016 (LTCCP) for:
 - District roading;
 - Community roading;
 - Water supply, wastewater treatment, stormwater and solid waste management;
 - Harbour facilities, wharves and boat ramps;
 - District community infrastructure, local community infrastructure and local reserves;
 - Cemeteries, libraries, public toilets and swimming pools; and
 - Reserves.
2. The capital projects listed are those considered necessary to either upgrade the existing infrastructure base, or to provide new infrastructure to deal with new development.

C.2 Project Costing Spreadsheets

1. The Contributions Model used, is the Thames-Coromandel District Contributions Model 3e Series dated 30 June 2006. The Contributions Model contains the name, estimated cost and programmed year of execution of all of the Council's capital works projects to be carried out during the LTCCP period and some works already completed in anticipation of growth in the period from 1 July 2000 to 30 June 2006 known as "Surplus Capacity" projects. These projects are grouped by area into six project costing spreadsheets as follows:

- a) Thames-Coromandel District
DistProj3e_00.xls
 - b) Mercury Bay
MercuryProj3e_00.xls
 - c) Tairua Pauanui
TaiPauProj3e_00.xls
 - d) Thames
ThamesProj3e_00.xls
 - e) Whangamata
WhangaProj3e_00.xls
 - f) Coromandel Colville
CoroColProj3e_00.xls
2. In the above spreadsheets, projects are categorised according to the service types of roading, community infrastructure, solid waste, water supply, wastewater and stormwater.
 3. The spreadsheets (a sample of which is shown overleaf), indicate separately the portion of each project component (expressed as a percentage) that is expected to be funded by:
 - a) agencies other than the Council, such as the portion of roading project costs to be funded by Transfund subsidies;
 - b) the Council itself, for the purpose of upgrading levels of service to existing residents and businesses and for carrying out renewals. This is expressed as the Improved Level of Service (ILOS) component of project cost; and
 - c) the Council, for the purpose of servicing new development. This is expressed as the Additional Capacity (AC) component of project cost.

Development Contributions Policy

Thames - Coromandel Development Contributions Policy													
Mercury Bay - Community Infrastructure													
Project	Area Type	Area Sub-Type	2005 Costs	2012 Costs	2013 Costs	2014 Costs	2015 Costs	2016 Costs	2017 Costs	2018 Costs	2019 Costs	2020 Costs	2021 Costs
Project/Works	Area Type	Area Sub-Type	2005 Costs	2012 Costs	2013 Costs	2014 Costs	2015 Costs	2016 Costs	2017 Costs	2018 Costs	2019 Costs	2020 Costs	2021 Costs
1 MCH1	Harbours	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2 MCH2	Wharf Improvements	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
3 MCH3	Mercury Bay Boat Ramp	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
4 MCH4	Large Ramp	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
5 MCH5	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
6 MCH6	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
7 MCH7	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
8 MCH8	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
9 MCH9	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
10 MCH10	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
11 MCH11	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
12 MCH12	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
13 MCH13	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
14 MCH14	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
15 MCH15	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
16 MCH16	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
17 MCH17	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
18 MCH18	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
19 MCH19	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
20 MCH20	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
21 MCH21	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
22 MCH22	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
23 MCH23	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
24 MCH24	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
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26 MCH26	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
27 MCH27	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
28 MCH28	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
29 MCH29	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
30 MCH30	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
31 MCH31	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
32 MCH32	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
33 MCH33	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
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45 MCH45	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
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61 MCH61	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
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68 MCH68	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
69 MCH69	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
70 MCH70	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
71 MCH71	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
72 MCH72	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
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76 MCH76	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
77 MCH77	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
78 MCH78	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
79 MCH79	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
80 MCH80	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
81 MCH81	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
82 MCH82	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
83 MCH83	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
84 MCH84	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
85 MCH85	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
86 MCH86	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
87 MCH87	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
88 MCH88	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
89 MCH89	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
90 MCH90	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
91 MCH91	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
92 MCH92	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
93 MCH93	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
94 MCH94	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
95 MCH95	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
96 MCH96	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
97 MCH97	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
98 MCH98	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
99 MCH99	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
100 MCH100	Whitanga Wharf Pier	dv	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

- The spreadsheets calculate the cost of the AC (growth related) component (if any) of each project carried out in the Development Contribution Calculation Period from 1 July 2000 to 30 June 2016, and divide this cost among the total expected new units of demand (See Section C.3 below) expected to be established up to 2016, in the area to be served by the project. The resulting amount is expressed as the Development Contribution per Unit for that particular project.
- By including the costs of Surplus Capacity projects carried out in the period 1 July 2000 to 30 June 2006, and by seeking to recover some of the costs of those projects from future development, it is equally important for the Contributions Model to account for any revenue obtained toward the funding of those projects from development that has already occurred.
- The sample spreadsheet overleaf shows how contributions made in the period 2000 to 2006 are deducted from the growth related (AC) component of costs, thereby reducing

the development contribution payable by each new unit of development expected in the period 2004 to 2016.

- For the purposes of 3b) and c) above, the ILOS component of project cost and the AC component of project cost (each expressed as percentages) are obtained by determining:
 - the cost of a project that would be required to renew an asset or raise existing levels of service to existing residents and businesses to Service Standards, the amount being called "\$ILOS"; and
 - the cost of a project that would be required to fully service new development to the Service Standards, the amount being called "\$AC".
- For each project the ILOS / AC calculation is carried out in the following way:
 - Projects are initially classified into five cost categories being:
 - Existing Shortfall Projects (ILOS only)
 - Additional Capacity Projects (AC only)
 - Surplus Capacity Projects (AC Only)
 - Asset Renewal Projects (ILOS only)
 - Combined Projects (AC and ILOS)
 - Only Combined Projects go forward to the cost allocation process;
 - Cost allocation uses a *modified Units of Demand* approach;
 - The ILOS percentage is calculated using the ratio of Replacement Cost – also referred to as Optimised Depreciated Replacement Cost (ODRC) - to Replacement Cost to Service Standard (RCSS);
 - Thus ILOS% is ((RCSS-ODRC)/RCSS);
 - The level of accumulated depreciation on an asset is not relevant to the apportionment of benefits between ILOS and AC. Cash held in depreciation reserves is only relevant to the extent that it is used to fund the ILOS portion of a project;

9. *Remaining Service Life (RSL)* of an existing asset and *Additional Service Life (ASL)* given by a new project to existing ratepayers, need to be considered in determining %ILOS. However, in order for the ILOS% to be calculated in the most practicable way possible, it is considered that the variable ODRC already adequately reflects *both* the level of deterioration of an existing asset *and* its RSL. When compared with the RCSS, (the cost required to give existing ratepayers the ASL that they require), this accurately reflects the position existing ratepayers find themselves in. The variables RSL of any existing asset and ASL given by a new asset are therefore declared by the asset manager (in years) and are available for comparison during Audit, against the %ILOS that has been determined in the calculation. A high %ILOS deficiency should normally be accompanied by low RSL of the existing asset and a comparatively high ASL given by the new asset and vice versa.

	Service Type	Development Area Code	Improved Level of Service Component (ILOS)	Additional Capacity Component (AC)	Past Contributions to 2006	Net Additional Capacity Component	Total Units	Development Contribution per Unit
84	District Harbours	dw_harb	1,174,492	378,477		378,477	7,377	133
85	District Parks	dw_parks	2,635,489	5,509,462		5,509,462	7,377	747
86	District Libraries	dw_lib	573,994	632,010		632,010	7,377	86
87	Mercury Bay Community Parks	subd_parks_mercury	2,456,520	1,814,863	110,000	1,704,863	3,653	467
88	Mercury Bay Community Halls	subd_halls_mercury	44,268	1,255,750	20,000	1,275,750	3,653	345

C.3 Rating Charge Projection Spreadsheet and its Functions

1. The projected growth of the Thames-Coromandel District is expressed as the numbers of new rating charges expected to be established in the District over the Development Contributions Calculation Period. The projected growth in rating charges is shown in the Rating Charge Projection Spreadsheet TcdcProjections3e_00.xls. This spreadsheet gives the rating charge projections for each of 37 Development Areas making up the District.
2. Using existing rating charges in each area on at the time of the rates strike for the 2005/06 financial year, as a base, the spreadsheet returns the expected increase in rating charges (and hence units of demand for services) in each year to 2016, using growth rates for each area in the accompanying LTCCP.
3. The final column of Spreadsheet TcdcProjections3e_00.xls, shows the total expected ten-year growth in rating charges to 2016 which are then carried forward to the Development Contributions Calculation Spreadsheet.

Development Contributions Policy

Area No	Area Name	Annual Charges (R 000 000)	Annual Growth Rate (%)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Ten Year Growth Rating Charges
1	District	26,203	2.40%	26,203	26,864	27,537	28,227	28,936	29,661	30,400	31,154	31,923	32,707	7,377
2	Solid Waste	2,147	2.40%	2,147	2,205	2,265	2,327	2,391	2,456	2,523	2,591	2,660	2,731	6,099
3	Sub-District	2	2.40%	2	2	2	2	2	2	2	2	2	2	17
4	Mercersburg	7,522	3.00%	7,522	8,228	8,946	9,686	10,459	11,266	12,108	12,986	13,901	14,853	3,653
5	Coromandel	4,950	3.00%	4,950	5,205	5,473	5,754	6,048	6,356	6,678	7,015	7,368	7,737	1,853
6	Thames	5,360	3.00%	5,360	5,632	5,912	6,200	6,505	6,827	7,166	7,522	7,895	8,286	1,926
7	Whangamata	5,360	3.00%	5,360	5,632	5,912	6,200	6,505	6,827	7,166	7,522	7,895	8,286	1,926
8	Sub-Area Water	7	2.10%	7	7	7	7	7	7	7	7	7	7	73
9	Hahai	1,173	0.20%	1,173	1,185	1,197	1,210	1,223	1,236	1,249	1,262	1,275	1,288	25
10	Matangi	3,347	0.20%	3,347	3,370	3,393	3,416	3,439	3,462	3,485	3,508	3,531	3,554	62
11	Whitianga	903	0.20%	903	908	913	918	923	928	933	938	943	948	17
12	Coromandel	1,056	0.20%	1,056	1,062	1,067	1,073	1,078	1,084	1,089	1,095	1,100	1,106	21
13	Tairāwhiti	2,330	0.20%	2,330	2,344	2,358	2,372	2,386	2,400	2,414	2,428	2,442	2,456	47
14	Thames	3,694	0.20%	3,694	3,718	3,742	3,766	3,790	3,814	3,838	3,862	3,886	3,910	84
15	Matangi	903	0.20%	903	908	913	918	923	928	933	938	943	948	17
16	Thames Valley	381	0.20%	381	384	387	390	393	396	399	402	405	408	10
17	Whangamata	4,043	0.20%	4,043	4,082	4,121	4,160	4,200	4,239	4,278	4,317	4,356	4,395	104
18	Thames	771	0.20%	771	776	781	786	791	796	801	806	811	816	44
19	Sub-Area Wastewater	18	2.10%	18	18	18	18	18	18	18	18	18	18	179
20	Hahai	1,185	0.20%	1,185	1,197	1,209	1,221	1,233	1,245	1,257	1,269	1,281	1,293	26
21	Matangi	3,370	0.20%	3,370	3,393	3,416	3,439	3,462	3,485	3,508	3,531	3,554	3,577	63
22	Whitianga	908	0.20%	908	913	918	923	928	933	938	943	948	953	18
23	Coromandel	1,062	0.20%	1,062	1,067	1,073	1,078	1,084	1,089	1,095	1,100	1,106	1,111	22
24	Tairāwhiti	2,344	0.20%	2,344	2,358	2,372	2,386	2,400	2,414	2,428	2,442	2,456	2,470	49
25	Thames	3,718	0.20%	3,718	3,742	3,766	3,790	3,814	3,838	3,862	3,886	3,910	3,934	86
26	Matangi	908	0.20%	908	913	918	923	928	933	938	943	948	953	18
27	Thames Valley	384	0.20%	384	387	390	393	396	399	402	405	408	411	11
28	Whangamata	4,082	0.20%	4,082	4,121	4,160	4,200	4,239	4,278	4,317	4,356	4,395	4,434	106
29	Thames	776	0.20%	776	781	786	791	796	801	806	811	816	821	45
30	Sub-Area Stormwater	94	2.10%	94	94	94	94	94	94	94	94	94	94	94
31	Hahai	1,197	0.20%	1,197	1,209	1,221	1,233	1,245	1,257	1,269	1,281	1,293	1,305	27
32	Matangi	3,393	0.20%	3,393	3,416	3,439	3,462	3,485	3,508	3,531	3,554	3,577	3,600	65
33	Whitianga	913	0.20%	913	918	923	928	933	938	943	948	953	958	19
34	Coromandel	1,067	0.20%	1,067	1,073	1,078	1,084	1,089	1,095	1,100	1,106	1,111	1,117	23
35	Tairāwhiti	2,358	0.20%	2,358	2,372	2,386	2,400	2,414	2,428	2,442	2,456	2,470	2,484	51
36	Thames	3,742	0.20%	3,742	3,766	3,790	3,814	3,838	3,862	3,886	3,910	3,934	3,958	88
37	Matangi	913	0.20%	913	918	923	928	933	938	943	948	953	958	19
38	Thames Valley	387	0.20%	387	390	393	396	399	402	405	408	411	414	12
39	Whangamata	4,121	0.20%	4,121	4,160	4,200	4,239	4,278	4,317	4,356	4,395	4,434	4,473	108
40	Thames	781	0.20%	781	786	791	796	801	806	811	816	821	826	46
41	Sub-Area Stormwater	94	2.10%	94	94	94	94	94	94	94	94	94	94	94
42	Hahai	1,209	0.20%	1,209	1,221	1,233	1,245	1,257	1,269	1,281	1,293	1,305	1,317	28
43	Matangi	3,416	0.20%	3,416	3,439	3,462	3,485	3,508	3,531	3,554	3,577	3,600	3,623	67
44	Whitianga	918	0.20%	918	923	928	933	938	943	948	953	958	963	20
45	Coromandel	1,073	0.20%	1,073	1,078	1,084	1,089	1,095	1,100	1,106	1,111	1,117	1,122	24
46	Tairāwhiti	2,372	0.20%	2,372	2,386	2,400	2,414	2,428	2,442	2,456	2,470	2,484	2,498	53
47	Thames	3,766	0.20%	3,766	3,790	3,814	3,838	3,862	3,886	3,910	3,934	3,958	3,982	90
48	Matangi	918	0.20%	918	923	928	933	938	943	948	953	958	963	20
49	Thames Valley	390	0.20%	390	393	396	399	402	405	408	411	414	417	13
50	Whangamata	4,160	0.20%	4,160	4,200	4,239	4,278	4,317	4,356	4,395	4,434	4,473	4,512	110
51	Thames	786	0.20%	786	791	796	801	806	811	816	821	826	831	47
52	Sub-Area Stormwater	94	2.10%	94	94	94	94	94	94	94	94	94	94	94
53	Hahai	1,221	0.20%	1,221	1,233	1,245	1,257	1,269	1,281	1,293	1,305	1,317	1,329	29
54	Matangi	3,439	0.20%	3,439	3,462	3,485	3,508	3,531	3,554	3,577	3,600	3,623	3,646	69
55	Whitianga	923	0.20%	923	928	933	938	943	948	953	958	963	968	21
56	Coromandel	1,078	0.20%	1,078	1,084	1,089	1,095	1,100	1,106	1,111	1,117	1,122	1,127	25
57	Tairāwhiti	2,386	0.20%	2,386	2,400	2,414	2,428	2,442	2,456	2,470	2,484	2,498	2,512	55
58	Thames	3,790	0.20%	3,790	3,814	3,838	3,862	3,886	3,910	3,934	3,958	3,982	4,006	92
59	Matangi	923	0.20%	923	928	933	938	943	948	953	958	963	968	21
60	Thames Valley	393	0.20%	393	396	399	402	405	408	411	414	417	420	14
61	Whangamata	4,200	0.20%	4,200	4,239	4,278	4,317	4,356	4,395	4,434	4,473	4,512	4,551	112
62	Thames	791	0.20%	791	796	801	806	811	816	821	826	831	836	48
63	Sub-Area Stormwater	94	2.10%	94	94	94	94	94	94	94	94	94	94	94
64	Hahai	1,233	0.20%	1,233	1,245	1,257	1,269	1,281	1,293	1,305	1,317	1,329	1,341	30
65	Matangi	3,462	0.20%	3,462	3,485	3,508	3,531	3,554	3,577	3,600	3,623	3,646	3,669	71
66	Whitianga	928	0.20%	928	933	938	943	948	953	958	963	968	973	22
67	Coromandel	1,084	0.20%	1,084	1,089	1,095	1,100	1,106	1,111	1,117	1,122	1,127	1,132	26
68	Tairāwhiti	2,400	0.20%	2,400	2,414	2,428	2,442	2,456	2,470	2,484	2,498	2,512	2,526	57
69	Thames	3,814	0.20%	3,814	3,838	3,862	3,886	3,910	3,934	3,958	3,982	4,006	4,030	94
70	Matangi	928	0.20%	928	933	938	943	948	953	958	963	968	973	22
71	Thames Valley	396	0.20%	396	399	402	405	408	411	414	417	420	423	15
72	Whangamata	4,239	0.20%	4,239	4,278	4,317	4,356	4,395	4,434	4,473	4,512	4,551	4,590	114
73	Thames	796	0.20%	796	801	806	811	816	821	826	831	836	841	49
74	Sub-Area Stormwater	94	2.10%	94	94	94	94	94	94	94	94	94	94	94
75	Hahai	1,245	0.20%	1,245	1,257	1,269	1,281	1,293	1,305	1,317	1,329	1,341	1,353	31
76	Matangi	3,485	0.20%	3,485	3,508	3,531	3,554	3,577	3,600	3,623	3,646	3,669	3,692	73
77	Whitianga	933	0.20%	933	938	943	948	953	958	963	968	973	978	23
78	Coromandel	1,089	0.20%	1,089	1,095	1,100	1,106	1,111	1,117	1,122	1,127	1,132	1,137	27
79	Tairāwhiti	2,414	0.20%	2,414	2,428	2,442	2,456							

Development Contributions Policy

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Thames-Coromandel Development Contributions Policy				
Development Contribution Schedule				
Contribution Type	Project code	Ten Year Growth Related Cost	Ten-Year Increase Rating Charges (Units of Demand)	Development Contribution per Unit
Whangamata				
District Harbours	du_harb	70,351	7,777	7
District Parks	du_parks	4,205	7,777	1
District Libraries	du_lib	0	7,777	0
Coromandel Colville				
District Harbours	du_harb	24,300	7,777	3
District Parks	du_parks	740,235	7,777	100
District Libraries	du_lib	0	7,777	0
TOTAL DISTRICT COMMUNITY INFRASTRUCTURE		764,886	7,777	2,793
District Solid Waste, Wastewater and Stormwater				
District Solid Waste	du_solidwaste	1,570,271	6,268	250
District Wastewater	du_ww	0	6,180	0
District Stormwater	du_storm	0	6,465	0
District Vires	du_vires	0	6,084	0
TOTAL DISTRICT SOLID WASTE, WASTEWATER AND STORMWATER		1,570,271	7,777	250
Area Infrastructure				
Roading				
Manure Bay Community Roads	road_id_manure	2,451,072	3,653	726
Tarua Papanui Community Roads	road_id_tarua	950,147	1,653	333
Thames Community Roads	road_id_thames	43,381	880	73
Whangamata Community Roads	road_id_whanga	73,036	880	80
Coromandel Colville Community Roads	road_id_colville	99,224	478	207
Community Infrastructure				
Manure Bay Community Parks	road_id_manure	1,704,863	3,653	462
Manure Bay Community Halls	road_id_manure	1,278,760	3,653	343
Tarua Papanui Community Parks	road_id_tarua	735,394	1,653	445
Tarua Papanui Community Halls	road_id_tarua	977,000	1,653	343
Thames Community Parks	road_id_thames	25,700	880	38
Thames Community Halls	road_id_thames	523,395	880	181
Thames Community Airport	road_id_thames	262,227	880	386
Whangamata Community Parks	road_id_whanga	43,080	880	54
Whangamata Community Halls	road_id_whanga	440,237	880	181
Coromandel Colville Community Parks	road_id_colville	27,433	478	57
Coromandel Colville Community Halls	road_id_colville	0	478	0
Local Infrastructure				
Water Supply				
Water Supply Water	water_wat_hab	22,559	32	1,037
Water Supply Wastewater	water_wat_wat	4,694	0	1,469
Water Supply Stormwater	water_wat_stm	4,697,562	1,079	5,163

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6. Only where a new rating unit falls within a project's service catchment will the development contribution for that project be applied to that new unit.

NOTE: The Contributions Model excludes the costs of local neighbourhood reserves from the calculations of development contributions described above.

7. Spreadsheet TcdcCatchments3e_00.xls also produces an output table (Table 6 - shown overleaf), which summarises the development contributions payable in each part of the District.

8. The output table shows:

- a) similar roading, community infrastructure and solid waste development contributions payable by all new development in the District, regardless of its specific location;

- b) variable development contributions for a range of community board area service types depending on the board area within which the new development is to be located; and
- c) specific development contributions for local settlement infrastructures for water supply, wastewater and stormwater.

9. Column L in Table 6 shows the total development contribution payable in various urban settlements and for the balance rural areas across the Thames-Coromandel District.

Microsoft Excel - TcdcCatchments3e_00

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	A	B	C	D	E	F	G	H	I	J	K	L
1	Thames-Coromandel Development Contributions Policy											
2	Table 6: Development Contributions Summary - Excluding Reserves (See Table 7)											
3	Return to Index											
4	Community Facility	District Roading	District Community Infrastructure	District Solid Waste	Community Area Roading	Community Area Parks	Community Area Halls	Airports	Water Supply	Wastewater	Stormwater	TOTAL
5	Hahai	\$ 794	\$ 2,862	\$ 250	\$ 730	\$ 407	\$ 349	\$ -	\$ 1,037	\$ 35,504	\$ -	\$ 41,934
6	Matatangi	\$ 794	\$ 2,862	\$ 250	\$ 730	\$ 407	\$ 349	\$ -	\$ 1,469	\$ 9,428	\$ -	\$ 16,280
7	Whitanga	\$ 794	\$ 2,862	\$ 250	\$ 730	\$ 407	\$ 349	\$ -	\$ 5,550	\$ 7,101	\$ 2,184	\$ 20,227
8	Whangapoua	\$ 794	\$ 2,862	\$ 250	\$ 730	\$ 407	\$ 349	\$ -	\$ -	\$ -	\$ -	\$ 5,392
9	Cooks Beach	\$ 794	\$ 2,862	\$ 250	\$ 730	\$ 407	\$ 349	\$ -	\$ -	\$ 11,045	\$ 6,177	\$ 22,614
10	Tarua	\$ 794	\$ 2,862	\$ 250	\$ 338	\$ 557	\$ 349	\$ -	\$ 5,508	\$ 6,350	\$ 2,280	\$ 19,287
11	Papanui	\$ 794	\$ 2,862	\$ 250	\$ 338	\$ 557	\$ 349	\$ -	\$ 4,355	\$ 6,350	\$ 2,521	\$ 19,376
12	Thames	\$ 794	\$ 2,862	\$ 250	\$ 76	\$ 38	\$ 181	\$ 381	\$ 1,498	\$ 2,987	\$ 2,395	\$ 11,463
13	Matatangi	\$ 794	\$ 2,862	\$ 250	\$ 76	\$ 38	\$ 181	\$ 381	\$ 33,435	\$ -	\$ -	\$ 38,018
14	Thames Valley	\$ 794	\$ 2,862	\$ 250	\$ 76	\$ 38	\$ 181	\$ 381	\$ 24,848	\$ -	\$ -	\$ 29,430
15	Whangamata	\$ 794	\$ 2,862	\$ 250	\$ 834	\$ 54	\$ 504	\$ -	\$ 11,898	\$ 14,273	\$ 3,300	\$ 34,557
16	Onemana	\$ 794	\$ 2,862	\$ 250	\$ 834	\$ 54	\$ 504	\$ -	\$ -	\$ 259	\$ -	\$ 5,857
17	Coromandel	\$ 794	\$ 2,862	\$ 250	\$ 241	\$ 57	\$ -	\$ -	\$ 7,618	\$ 17,269	\$ 6,980	\$ 36,071
18	Damru Bay	\$ 794	\$ 2,862	\$ 250	\$ 241	\$ 57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,204
19	Rural Mercury Bay	\$ 794	\$ 2,862	\$ 250	\$ 730	\$ 407	\$ 349	\$ -	\$ -	\$ -	\$ -	\$ 5,392
20	Rural Tarua Papanui	\$ 794	\$ 2,862	\$ 250	\$ 338	\$ 557	\$ 349	\$ -	\$ -	\$ -	\$ -	\$ 5,149
21	Rural Thames	\$ 794	\$ 2,862	\$ 250	\$ 76	\$ 38	\$ 181	\$ 381	\$ -	\$ -	\$ -	\$ 4,582
22	Rural Whangamata	\$ 794	\$ 2,862	\$ 250	\$ 834	\$ 54	\$ 504	\$ -	\$ -	\$ -	\$ -	\$ 5,238
23	Rural Coromandel Colville	\$ 794	\$ 2,862	\$ 250	\$ 241	\$ 57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,204
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Ready

C.5 Reserve Calculations

1. The development contributions payable for reserves for residential development in urban parts of the District, are calculated at the time of a consent for subdivision or development, under Clause 8.2.2 of the Development

Development Contributions Policy

Contributions Policy. The calculation of the contribution payable on one unit of demand is the market value of 15m² of each additional allotment created by subdivision or of the land on which each unit of a residential development is taking place.

- Table 7 of spreadsheet TcdcCatchments3e_00.xls does not calculate the reserve contribution but provides *estimates only*, of the likely value of development contributions for reserves payable in all urban settlements of the District, based on land valuations at 31 July 2003. Table 7 shows that, as required by Section 203 of the Act, no Development Contribution for reserves in Column E exceeds either 7.5% of the value of the allotment (Column F) or the value of 20m² of the allotment (Column G). In any event, Clause 8.2.2 prevents the Council from requiring a contribution for reserves in excess of 7.5% of the value of the allotment.

Thames-Coromandel Development Contributions Policy						
Table 7: Reserve Contributions Estimate						
Area	Town Ave Lot Value (ARLV) (\$) (31.7.2003)	Lot Size assumed (m2)	Ave Value per m2	Estimated Reserve Contribution Payable per Lot or HH Unit (at 15m2 of Land Value)	Comparison - Section 203(1)(a) Limit 7.5% of value of allotment	Comparison - Section 203(1)(b) Limit 20m2 of land value
Hahai	\$ 376,895	800	\$ 472	\$ 9,422	29,267	12,963
Matarangi	\$ 208,561	600	\$ 348	\$ 6,714	20,142	9,952
Whitianga	\$ 179,481	600	\$ 299	\$ 4,487	13,461	5,993
Whangapoua	\$ 397,289	600	\$ 662	\$ 9,932	29,797	13,343
Cooks Beach	\$ 333,654	600	\$ 556	\$ 8,341	25,024	11,122
Tairua	\$ 198,595	600	\$ 331	\$ 4,965	14,895	6,820
Pauanui	\$ 249,348	600	\$ 416	\$ 6,234	18,701	8,312
Thames	\$ 77,747	600	\$ 130	\$ 1,944	5,831	2,592
Matatoki	N/A			N/A		
Thames Valley	N/A			N/A		
Whangamata	\$ 232,709	600	\$ 388	\$ 5,818	17,453	7,757
Oreamana	\$ 177,755	600	\$ 296	\$ 4,444	13,332	5,925
Coromandel	\$ 145,844	600	\$ 243	\$ 3,649	10,946	4,865
Oamuru Bay	N/A			N/A		
Rural Mercury Bay	N/A			N/A		
Rural Tairua Pauanui	N/A			N/A		
Rural Thames	N/A			N/A		
Rural Whangamata	N/A			N/A		
Rural Coromandel Kohika	N/A			N/A		
The amount of any development contribution indicated in this table is exclusive of GST.						

C.6 Summary Expenditure and Funding Source Outputs

- Spreadsheet TcdcCatchments3e_00.xls also returns a summary capital expenditure table (Table 2) – which sets out:
 - the total cost of capital works projects in the District in the Development Contributions Calculation Period to 2016 for each of the main service types and for reserves;
 - the portion of the capital cost expected to be funded by outside funding agencies such as Transfund;
 - the ILOS component of capital costs, for works to be carried out by the Council to improve the level of service to existing households and businesses and to carry out renewals; and
 - the AC / Growth component of capital cost to fund works associated with new development, that cost to be distributed among the various service catchments in the manner described above.

Thames-Coromandel Development Contributions Policy				
Table 2: Funding of Capital Expenditure by Source of Funding				
COMMUNITY FACILITY	TOTAL COST OF CAPITAL WORKS PROJECTS	OTHER SOURCES OF FUNDING	TOTAL IMPROVED LEVEL OF SERVICE COMPONENT	TOTAL CAPITAL EXPENDITURE FOR GROWTH (TO BE FUNDED BY DEVELOPMENT CONTRIBUTIONS)
District Roading	\$ 70,174,208	\$ 29,245,285	\$ 33,232,263	\$ 7,696,660
District Community Infrastructure	\$ 26,929,294	\$ -	\$ 20,425,753	\$ 6,503,501
District Solid Waste, Stormwater, Wastewater and Water	\$ -	\$ -	\$ -	\$ -
Facilities	\$ 5,329,372	\$ -	\$ 3,745,344	\$ 1,584,028
Area Roading	\$ 18,676,892	\$ -	\$ 14,291,513	\$ 4,385,379
Area Community Infrastructure	\$ 37,108,413	\$ -	\$ 17,778,683	\$ 19,329,730
Area Water Supply	\$ 89,070,876	\$ -	\$ 56,372,233	\$ 32,698,743
Area Wastewater	\$ 145,219,867	\$ -	\$ 87,108,203	\$ 58,111,664
Area Stormwater	\$ 84,108,170	\$ -	\$ 68,164,520	\$ 15,943,650
Reserves	\$ 34,146,542	\$ -	\$ -	\$ 34,146,542
TOTAL	\$ 510,763,494	\$ 29,245,285	\$ 281,118,512	\$ 200,399,697

APPENDIX D – Demand Factors for Business Development

D.1 Roading

Assumptions

Average business site size = 1500m²
 Gross Business Area is 60% of site - 1000m²
 Employees/ha of business = 30 FTE's/ha (FTE (Full Time Equivalent)
 Employment figures may be amended subject to further sampling)
 Average Household Unit Trip generation = 9 trips per day = 1 Unit of Demand

Sites per net ha = 5 (7500m² sites, 2500m² roads)
 Gross business area per hectare = 5 X 1000 = 5000m²
 Each site of 1500m² and each 1000m² of Gross Business Area has = 30/5 FTE's = 6FTE's

Minimum trip generation 3 trips per FTE per day = 18 trips per day
 Unit of Demand Factor = 18/9 = 2 per 1000m² of business area OR
 0.002 per m² of business area

D.2 Water and Sewerage

Assumptions

Residential consumption 200 l/person/day = 1 Unit of Demand
 Average household occupancy 2.8 persons
 Average business water consumption 15,000l per hectare of business land per day (Consumption figures may be amended subject to further sampling)

1 Household unit uses 200X2.8 = 560 l/day = 1 Unit of Demand
 1000m² business land area uses 15000/10 = 1500l/day
 Unit of Demand Factor = 1500/560 = 2.67 per 1000m² land area

Assume Gross Business Area is 60% of 1000m² site
 Revised Unit of Demand Factor of 1.6.

Unit of Demand factor is 1.60/1000m² of business area for water and wastewater OR 0.0016 per m² of business area.

D.3 Stormwater

Assumptions

Average residential site = 600m²
 Runoff coefficient for greenfields = 0.40ⁱ = C₁
 Runoff coefficient for residential areas = 0.55ⁱⁱ = C₂
 Runoff coefficient for business use = 0.65ⁱⁱⁱ = C₃

Unit of Demand Factor for business land =

$$= \frac{C_3 - C_1}{C_2 - C_1} \times \frac{1000 \text{ m}^2}{600 \text{ m}^2}$$

$$= \frac{0.65 - 0.40}{0.55 - 0.40} \times \frac{1000 \text{ m}^2}{600 \text{ m}^2}$$

$$= 2.78 \text{ per } 1000\text{m}^2 \text{ site OR } 0.00278 \text{ per m}^2 \text{ of impervious area.}$$

Surface Water, Building Industry Authority, December 2000, Table 1, Runoff Coefficients, Page 2.

ⁱ Heavy clay soils types – pasture and grass cover.

ⁱⁱ Residential areas in which impervious area is 35% to 50%.

ⁱⁱⁱ Industrial commercial, shopping areas and town house developments.

D.4 Community Infrastructure

Assumptions

Average household occupancy 2.8 persons
 Average business site size = 1500m²
 Gross Business Area is 60% of site - 1000m²
 Employees/ha of business = 30 FTE's/ha (FTE (Full Time Equivalent)
 Employment figures may be amended subject to further sampling)

Sites per net ha = 5 (7500m² sites, 2500m² roads)
 Gross business area per hectare = 5 X 1000 = 5000m²
 Each site of 1500m² and each 1000m² of Gross Business Area has = 30/5 FTE's = 6FTE's

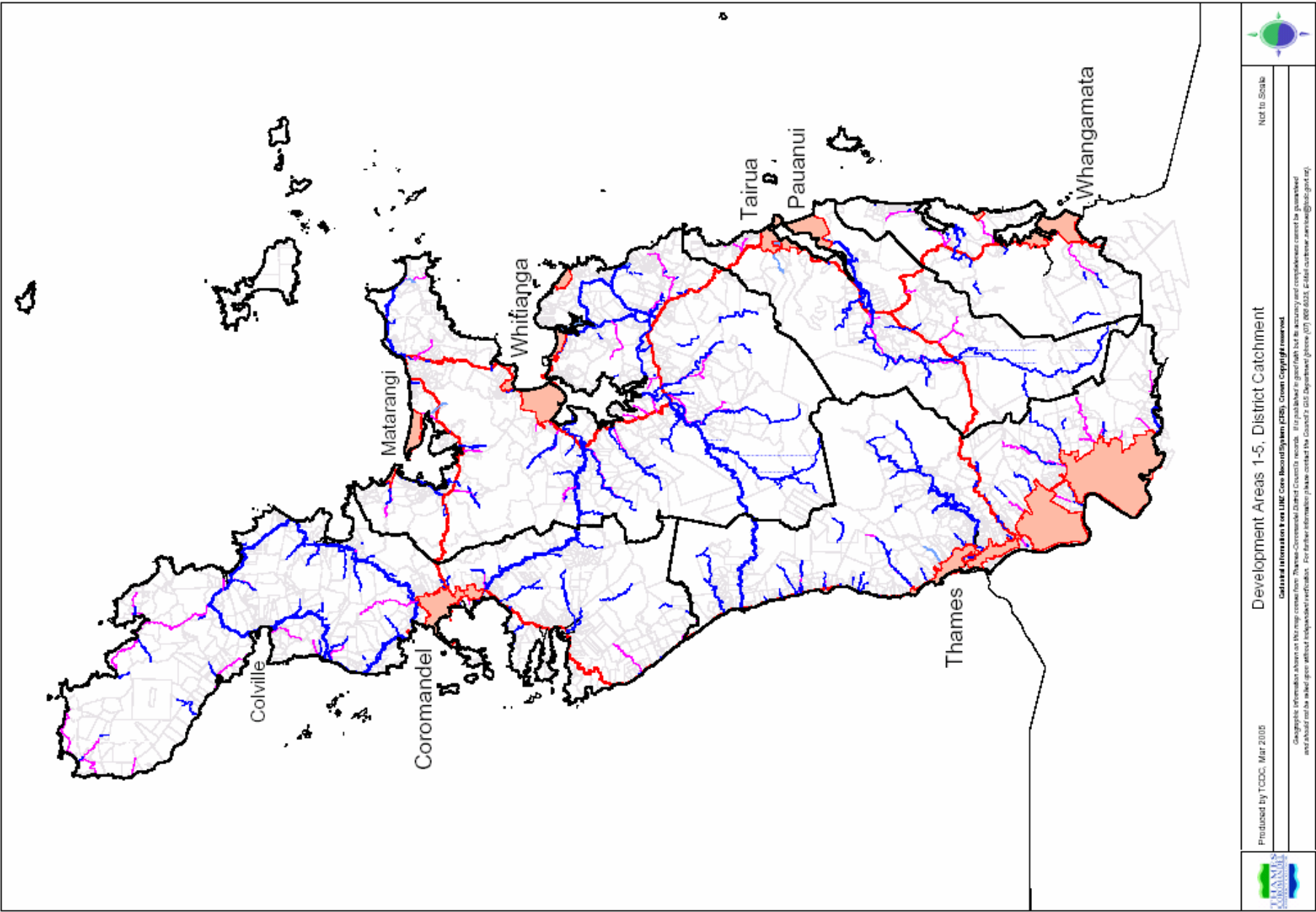
Development Contributions Policy

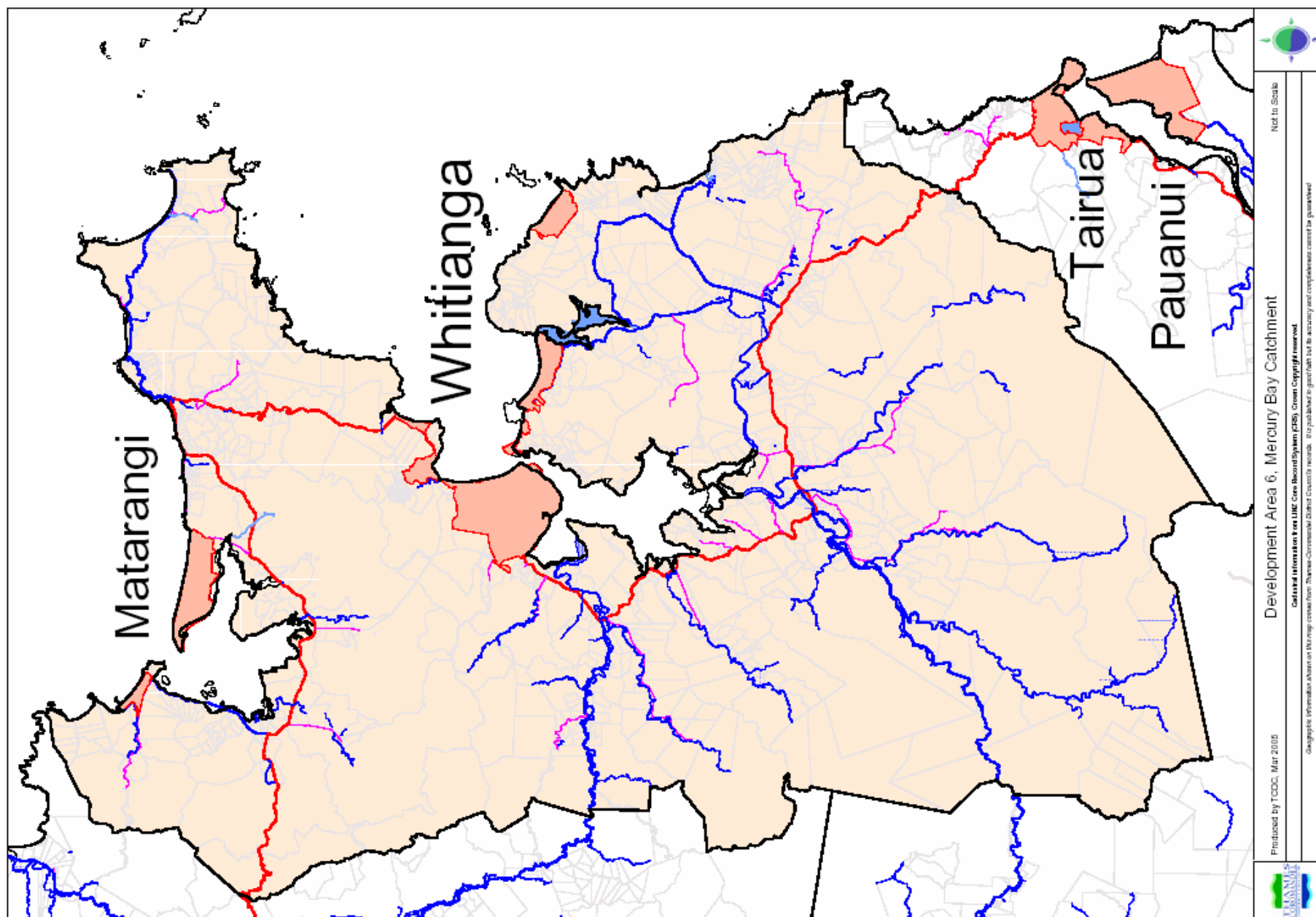
Assumption is that a 1000m² of Gross Business Area (6FTE's) will generate the equivalent demand of a single household unit (2.8 persons)

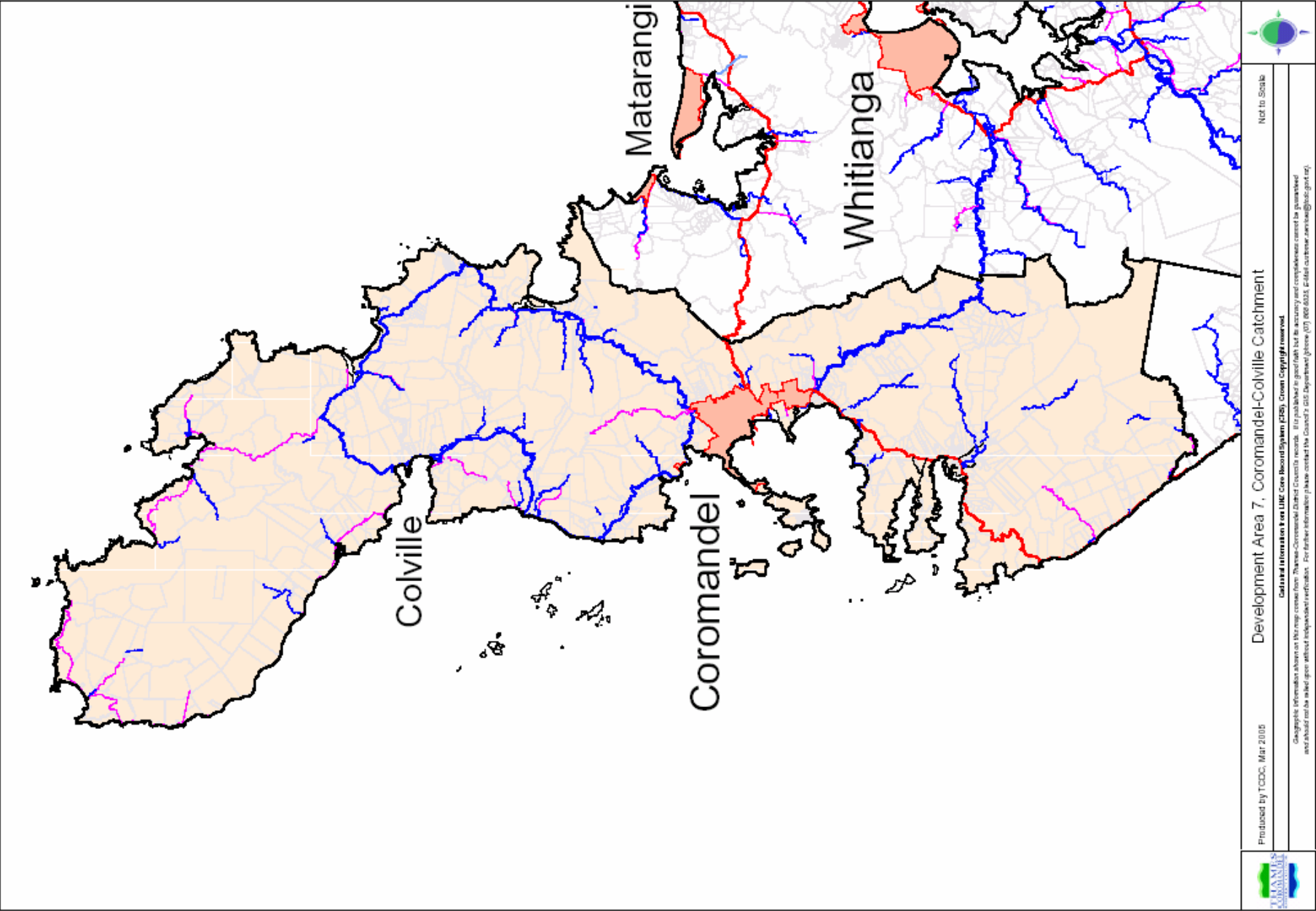
Unit of Demand Factor is 1.0 for 1000m² of business area OR 0.0010 per m² of business area.

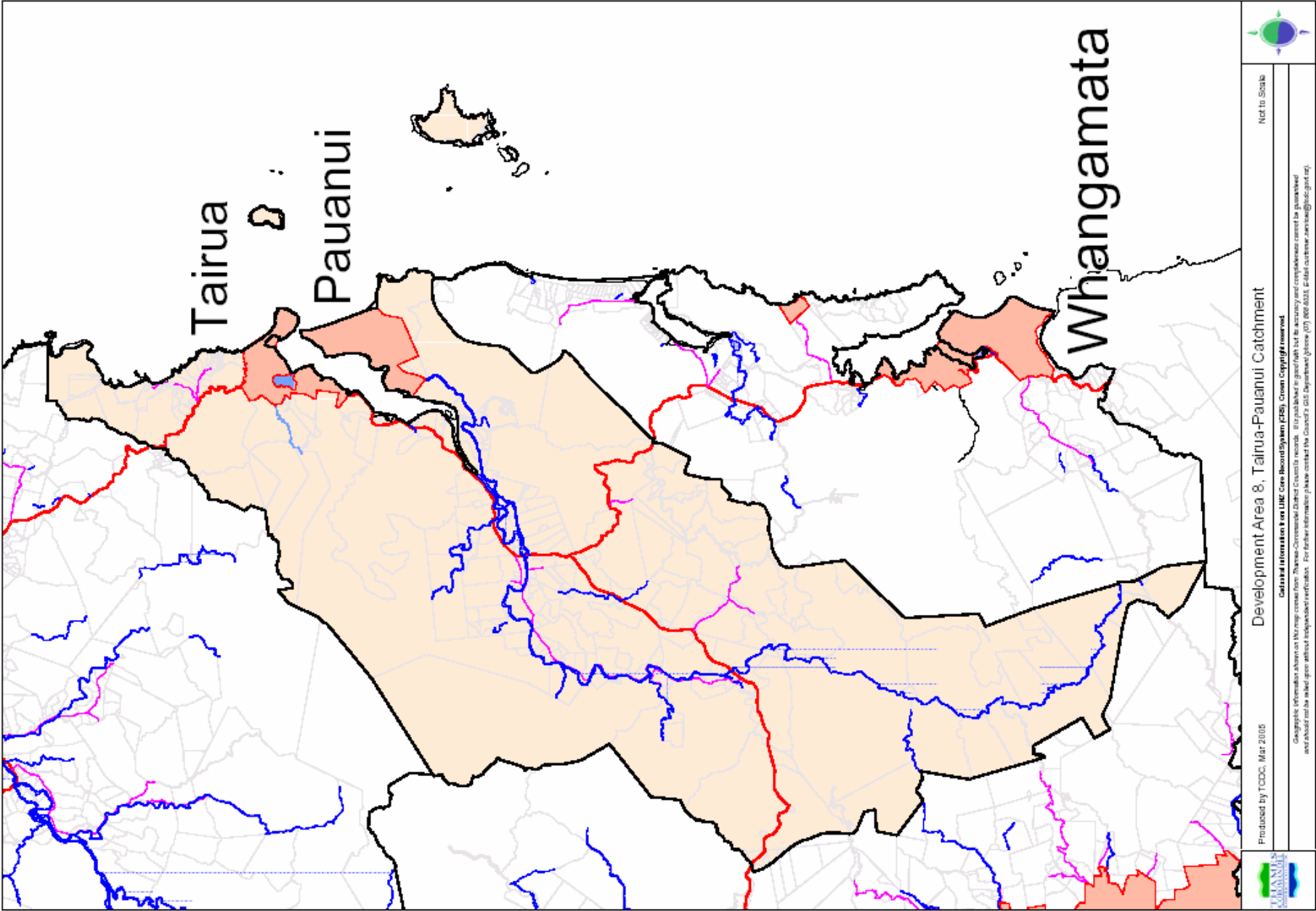
APPENDIX E – Summary of consideration of options under Section 77 of the Local Government Act 2002

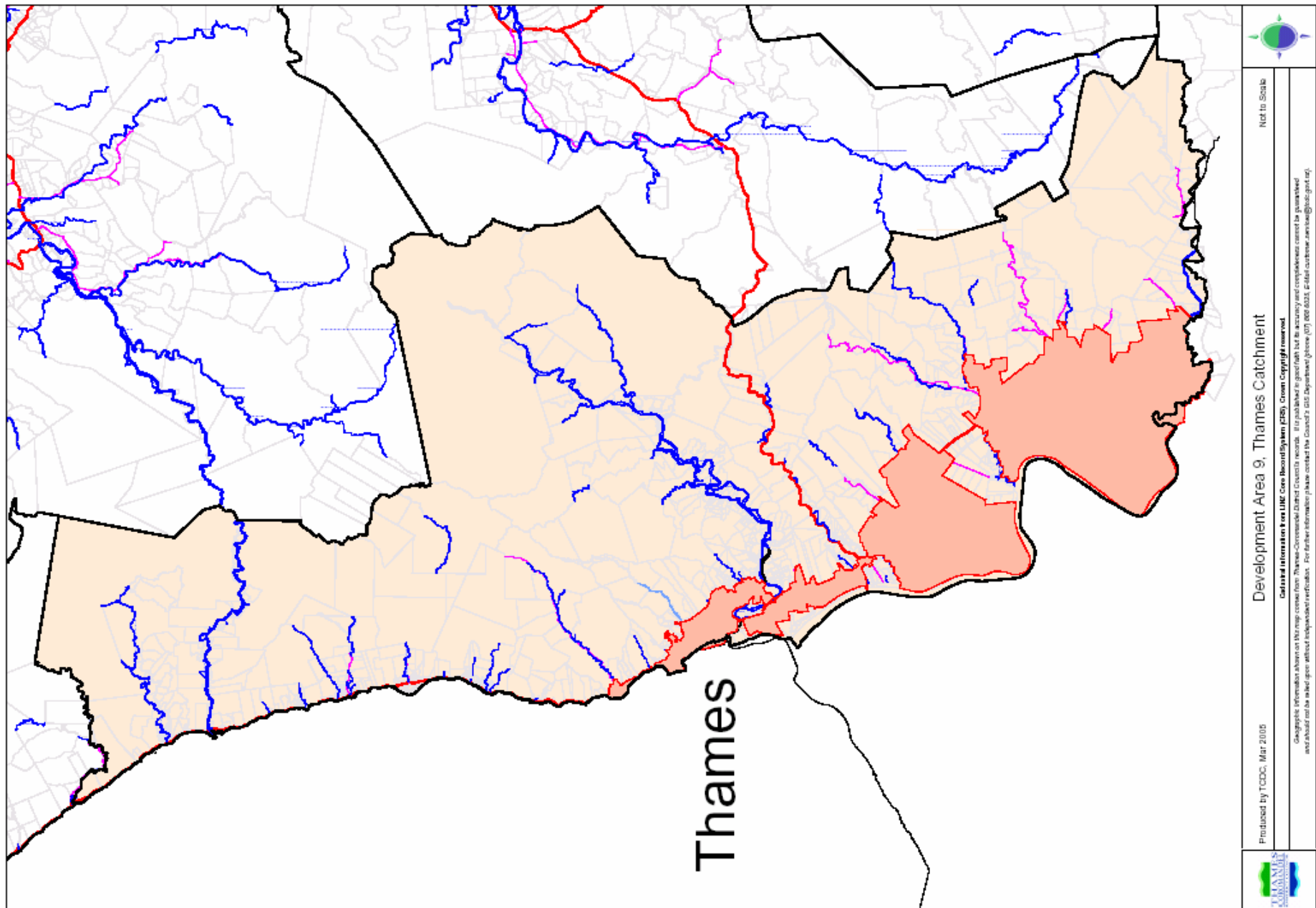
Option	Principal costs and disadvantages	Principal benefits and advantages	Extent to which community outcomes would be promoted or achieved in an integrated and efficient manner	Impact of each option on the Council's capacity to meet present and future needs relating to any of its statutory responsibilities
Financial Contributions Policy (FCP) under Resource Management Act 1991	<p>Possible difficulties in establishing nexus between capital works and the role of such works in dealing with addressing environmental effects of development</p> <p>Resource Management Act provides limited procedural requirements for contribution calculation and cost allocation methodology</p> <p>Case law generally limited to matters of principle – reasonableness, purpose and nexus. Limited case law on calculation methodology and cost allocation</p>	<p>FCP prepared under the Act, provides the ability to challenge policy preparation and policy application in the Environment Court</p> <p>Case law has been established on financial contributions. Provides some guidance on policy preparation and consent processing</p>	<p>1. Environmental protection FCP provides an appropriate policy framework for achieving community expectations on environmental protection</p> <p>2. Affordable services and cost recovery Principle expectation of FCP is on full mitigation of effects of development and less on cost recovery and cost share for works</p> <p>3. Equity and fairness Methodology behind financial contributions policies is not well advanced in equitable cost allocation</p>	<p>FCP provides some certainty that environmental effects will be mitigated through service provision and allows Council to meet RMA obligations</p> <p>FCP may not necessarily ensure adequate and equitable cost recovery, impacting unfairly on either Council, existing ratepayers or new developers</p>
Development Contributions Policy (DCP) under Local Government Act 2002	<p>A Development Contribution cannot be included and enforced as a condition of a resource consent</p>	<p>Council has the option to include review procedures in the DCP</p> <p>Act establishes clear, rigorous requirements for attribution of costs and calculation of contributions in a DCP. Provides certainty to the community</p> <p>Direct nexus between development, need to service development, asset management planning and establishment of costs of works</p>	<p>1. Environmental protection DCP is not the principal policy for environmental management and will only cover mitigation of some effects through services provision</p> <p>2. Affordable services and cost recovery LGAct establishes clear, rigorous requirements for attribution of costs and calculation of contributions under a DCP</p> <p>3. Equity and fairness Methodology behind DCP is operative elsewhere and is capable of achieving fair cost allocation. Schedule 13 methodology and cost attribution requirements are set out</p>	<p>DCP will provide limited ability for Council to meet all RMA obligations.</p> <p>However, impacts will be limited if plans prepared under RMA are well integrated with DCP</p> <p>DCP provides direct ability for Council to meet its LGA obligations</p>

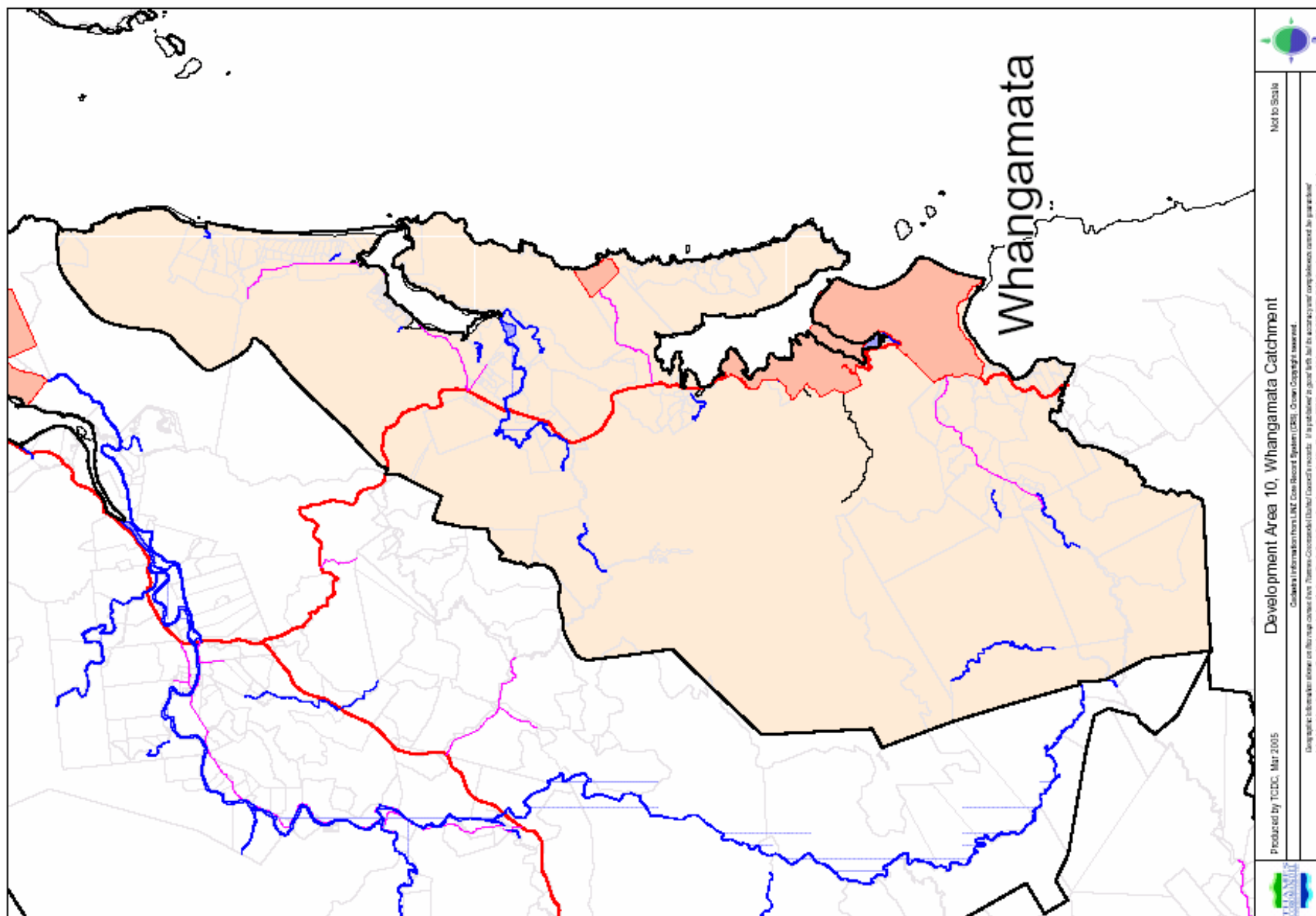


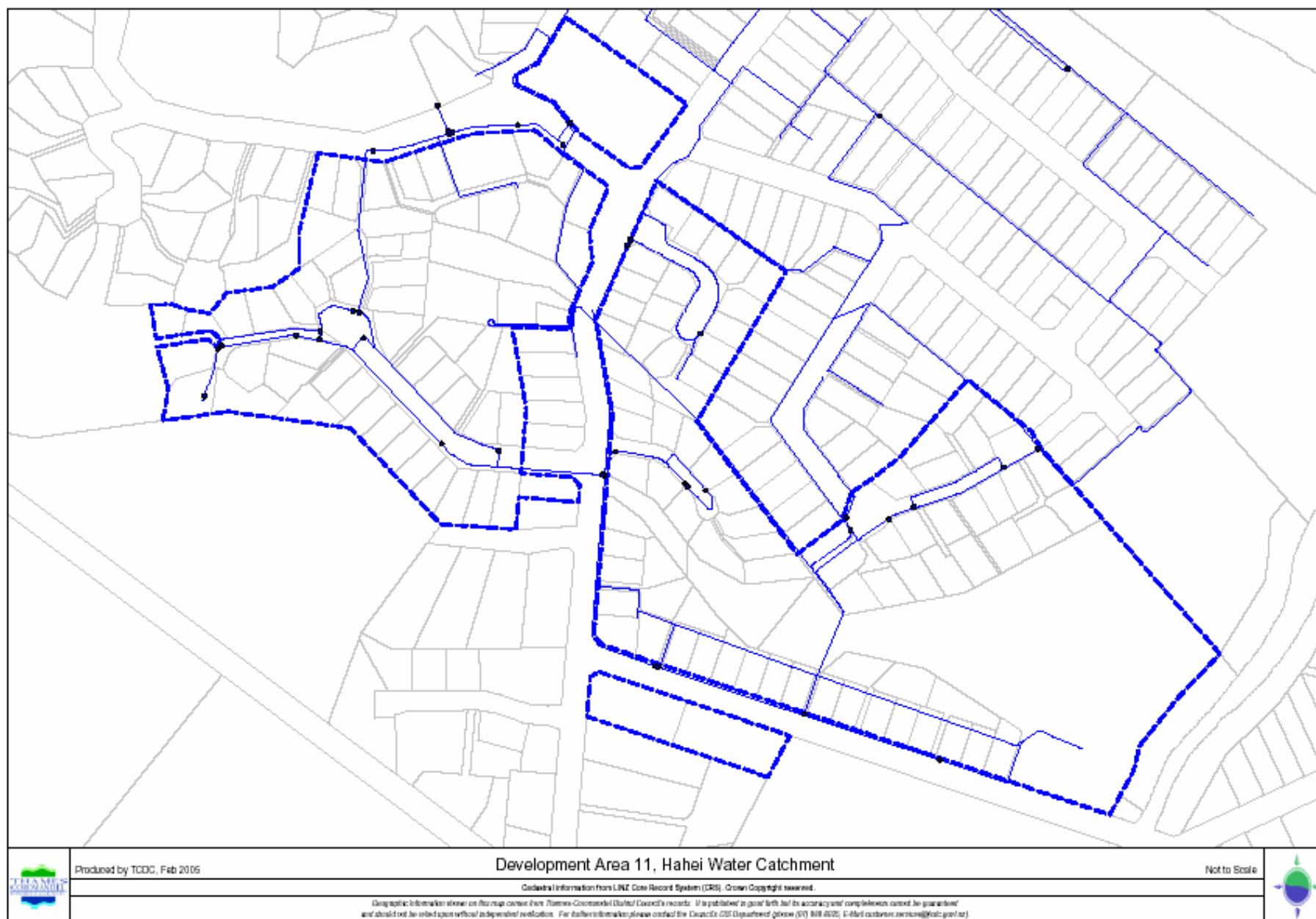


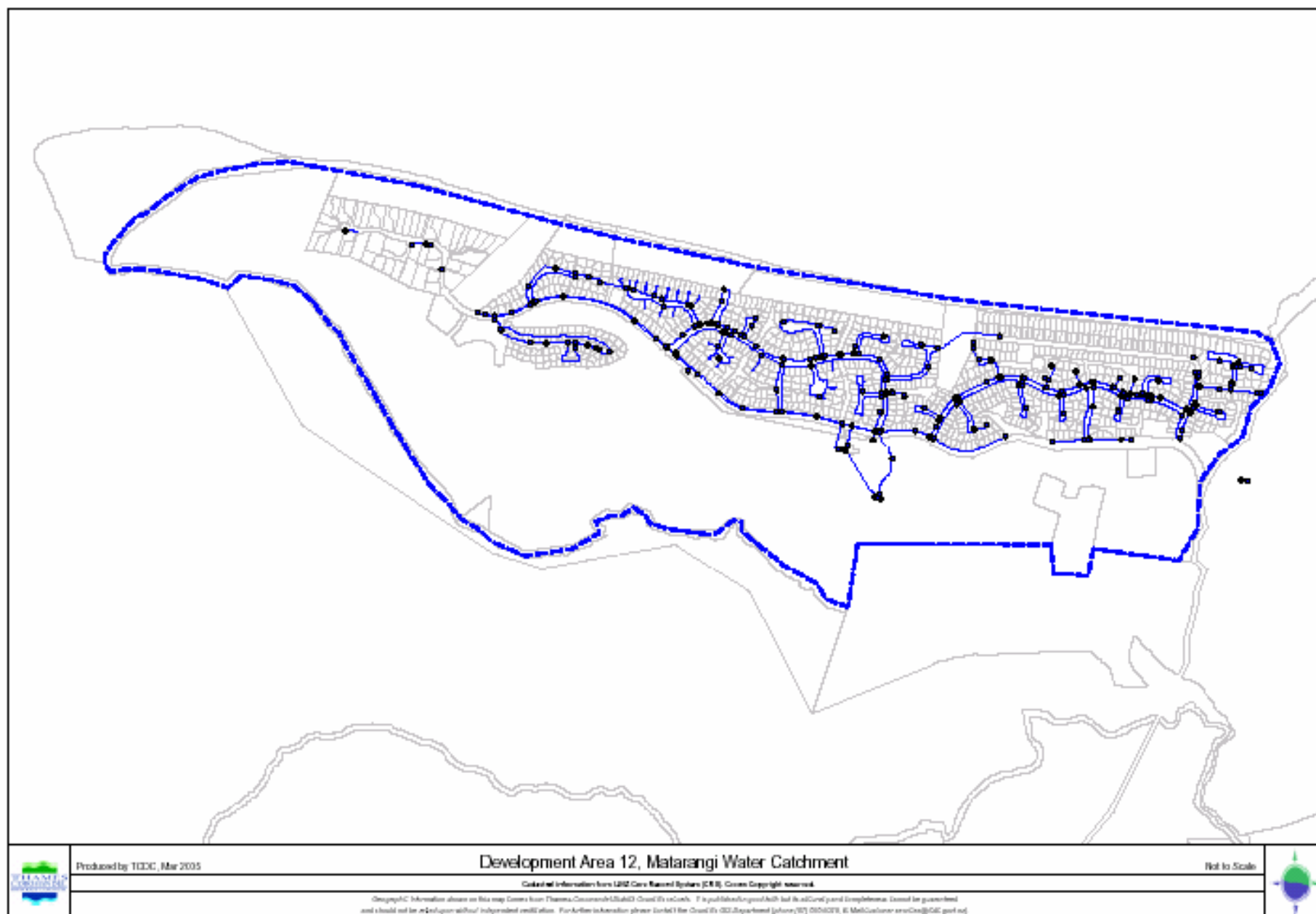


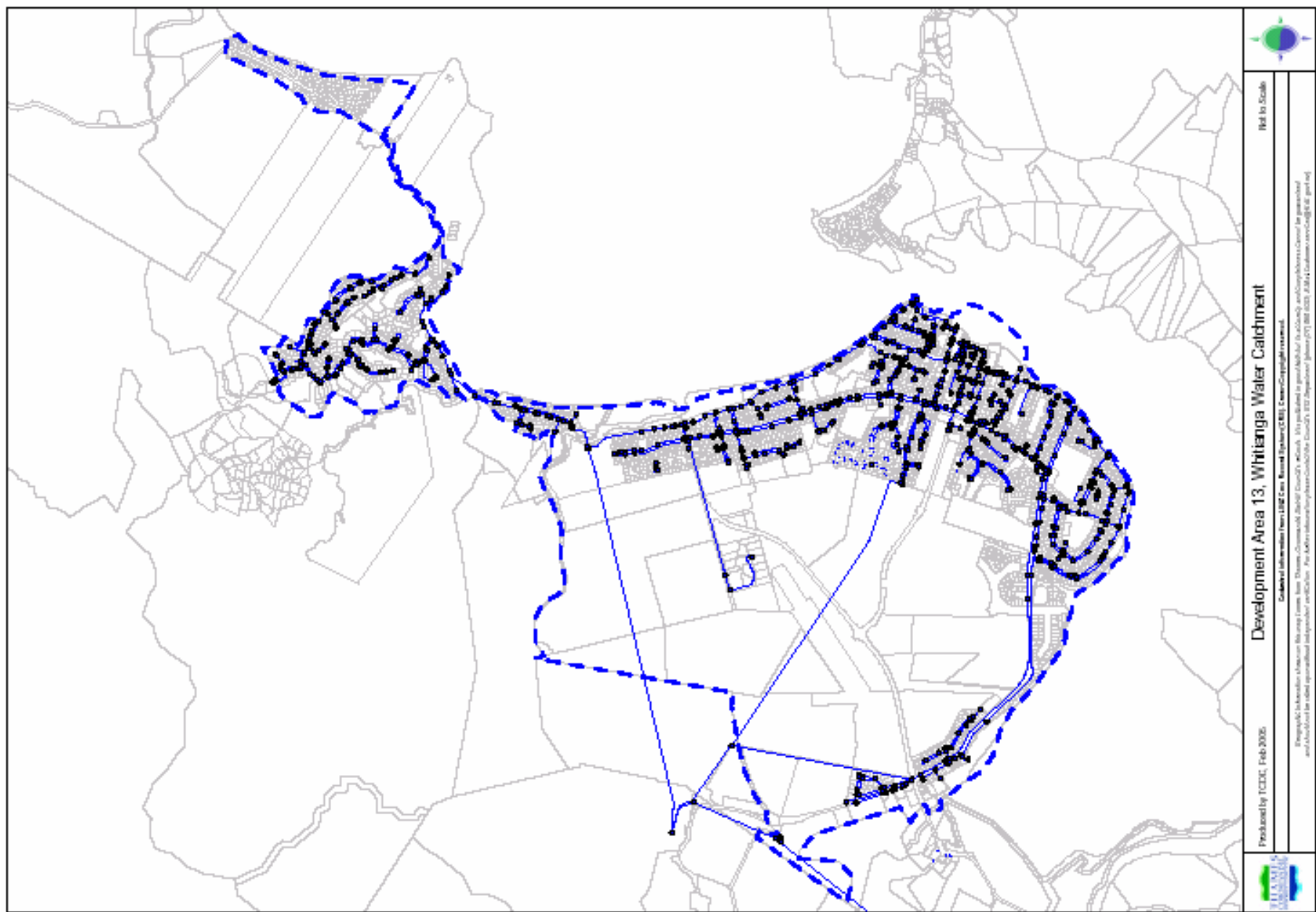


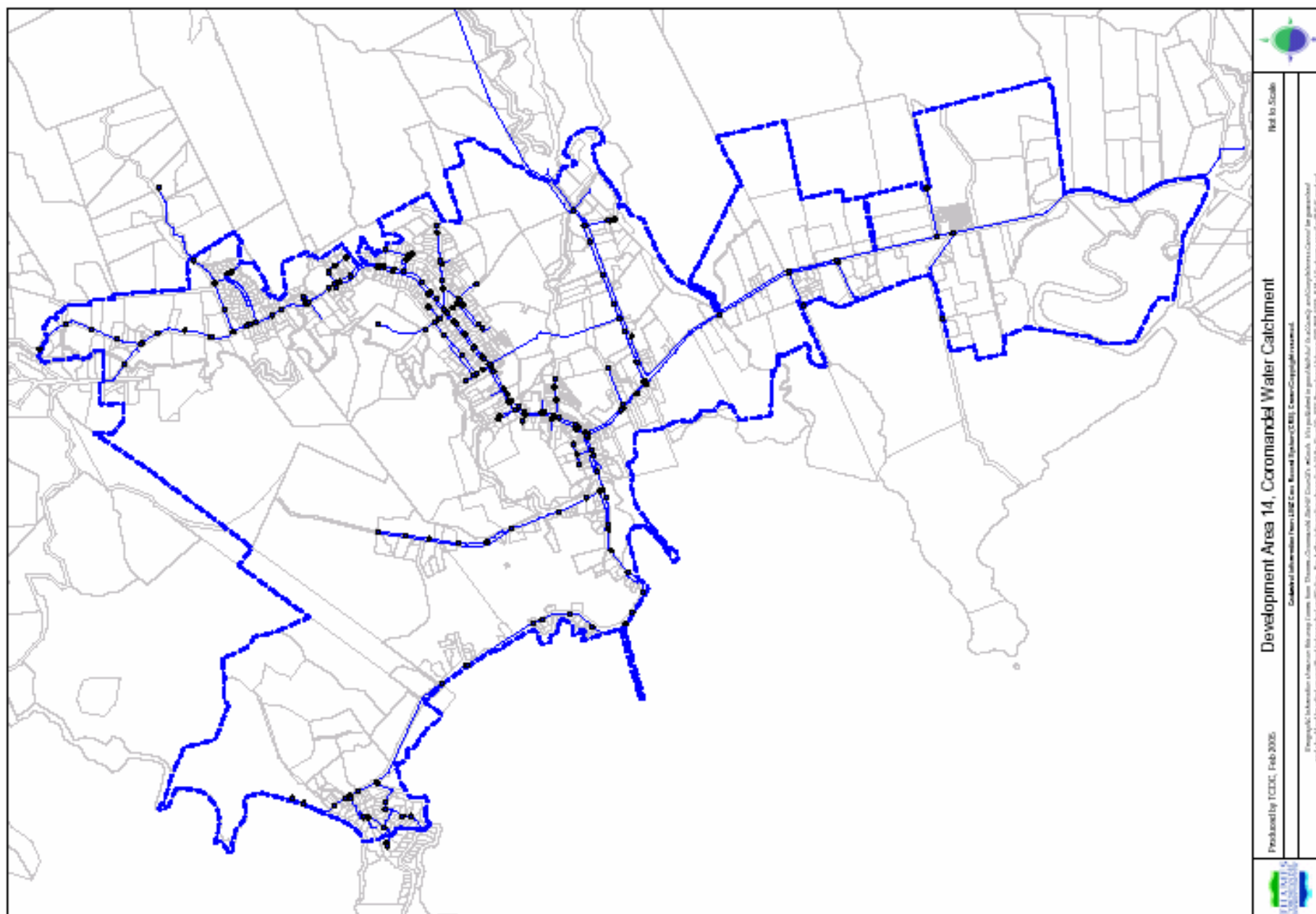


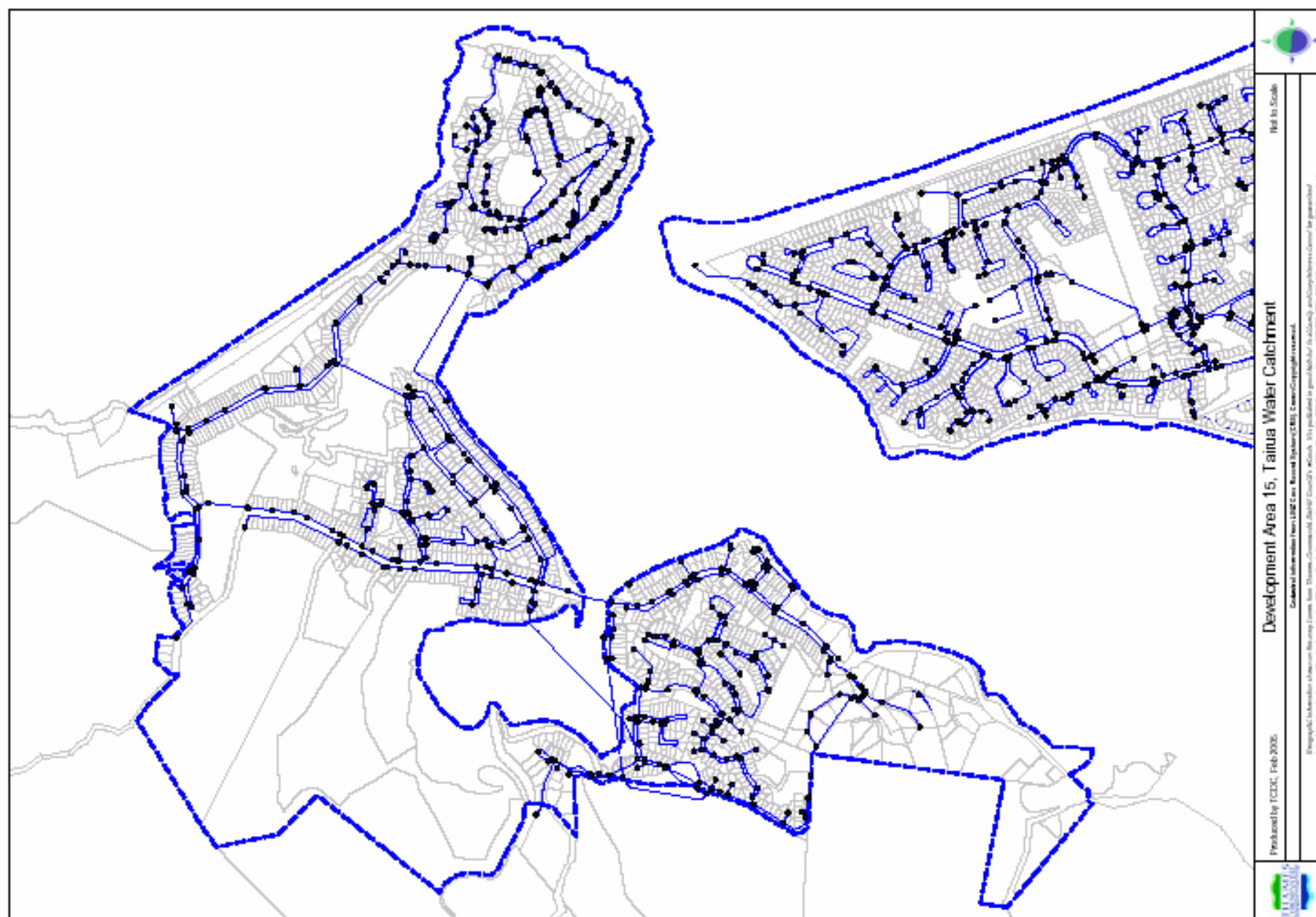


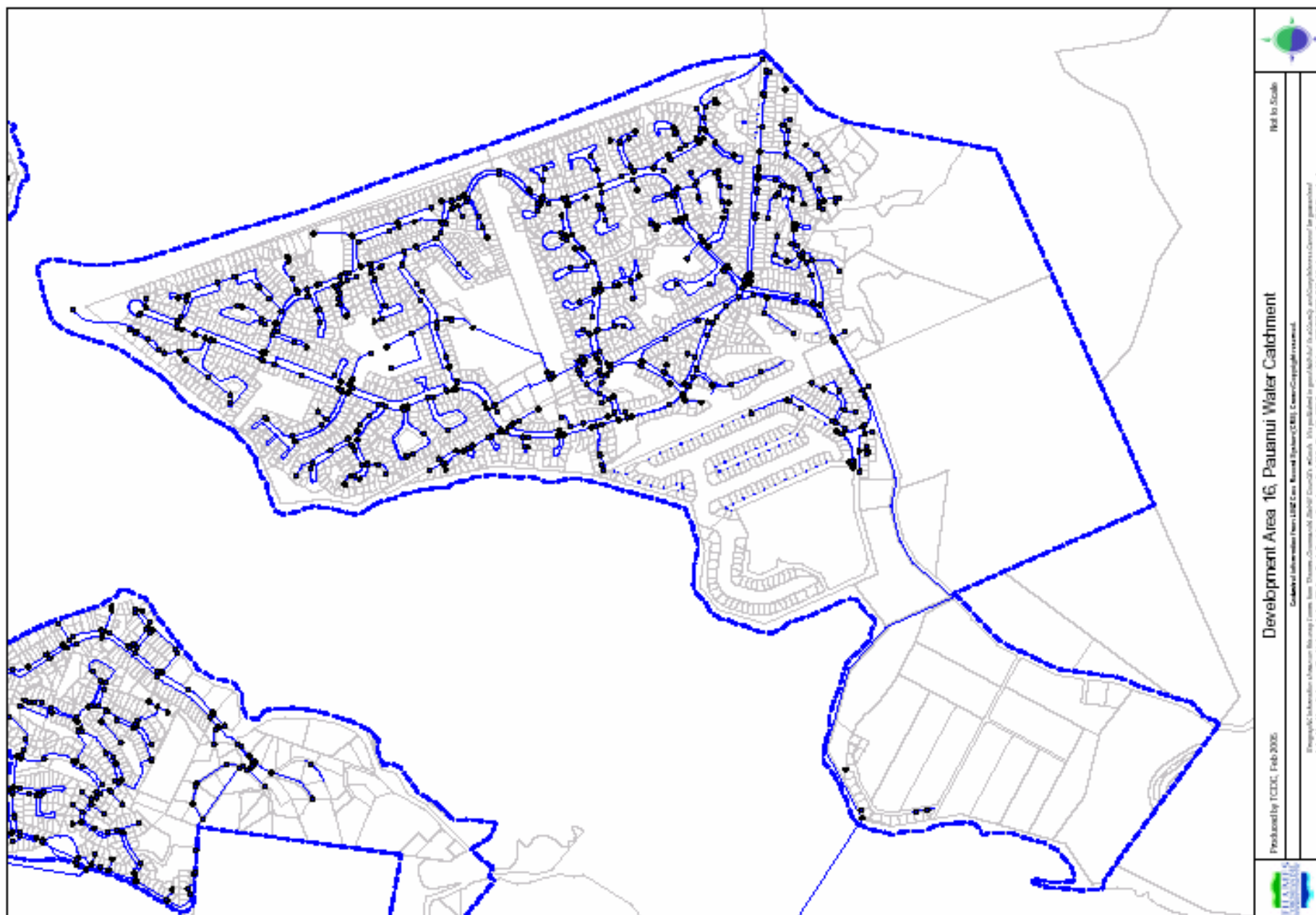


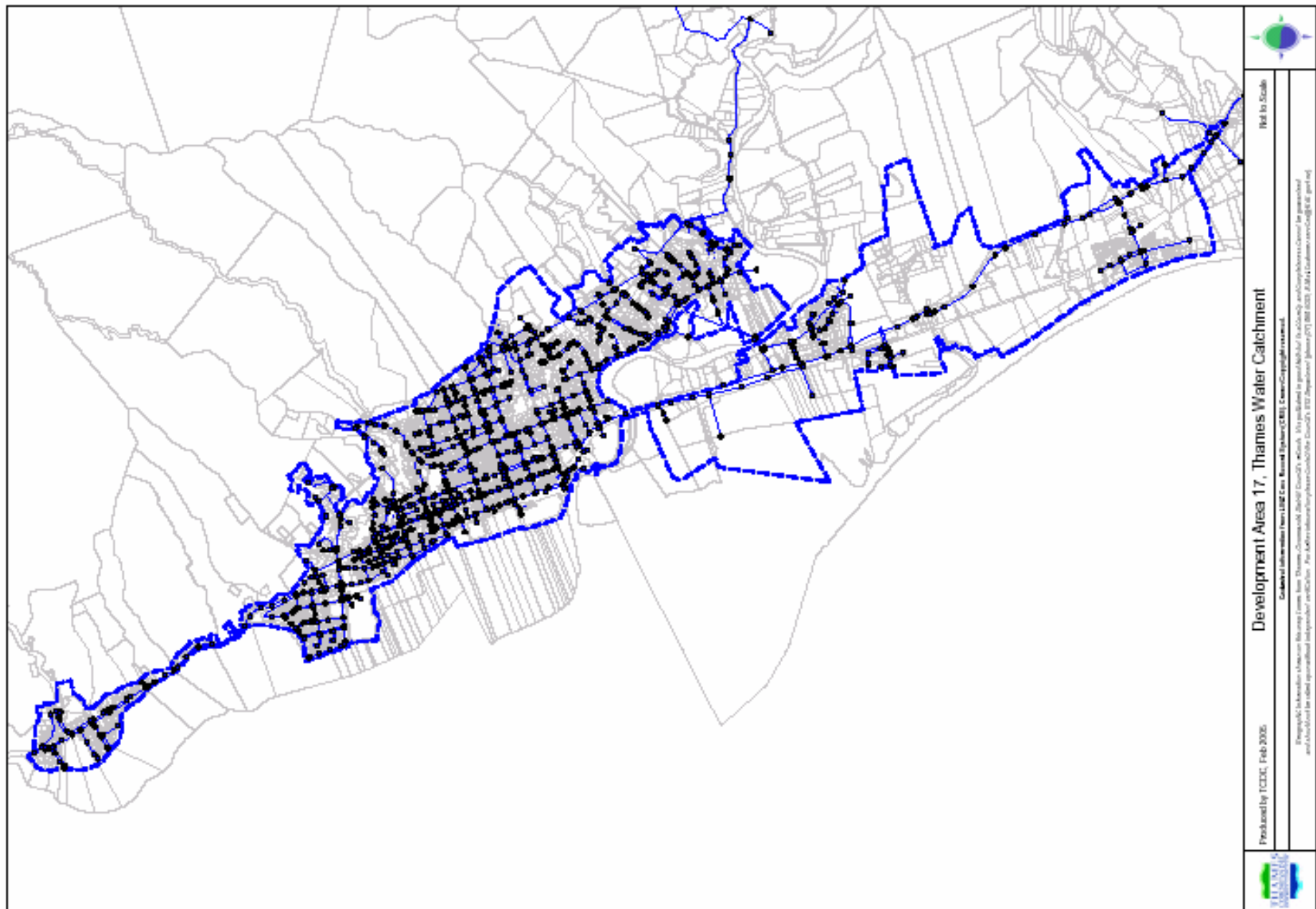




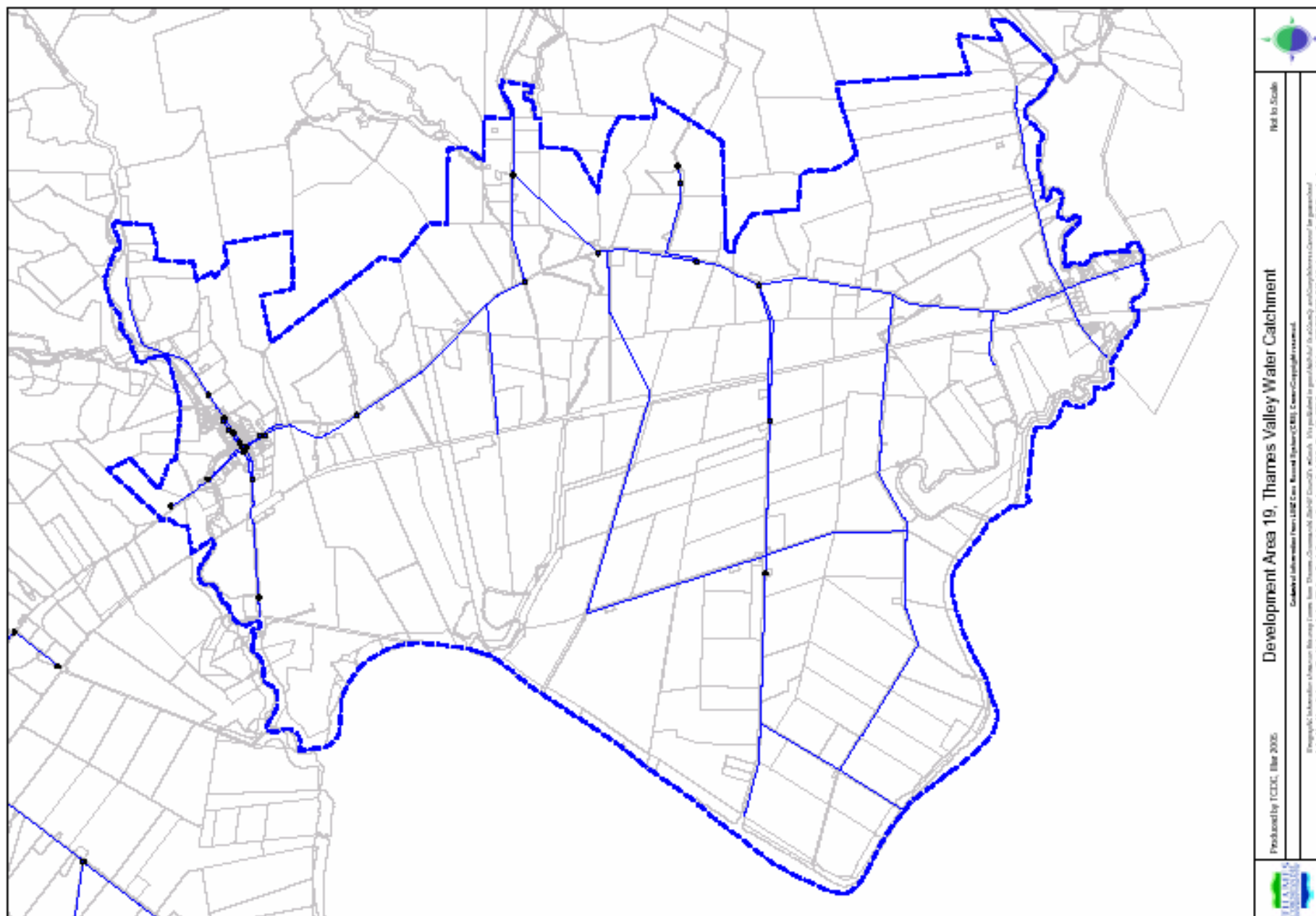


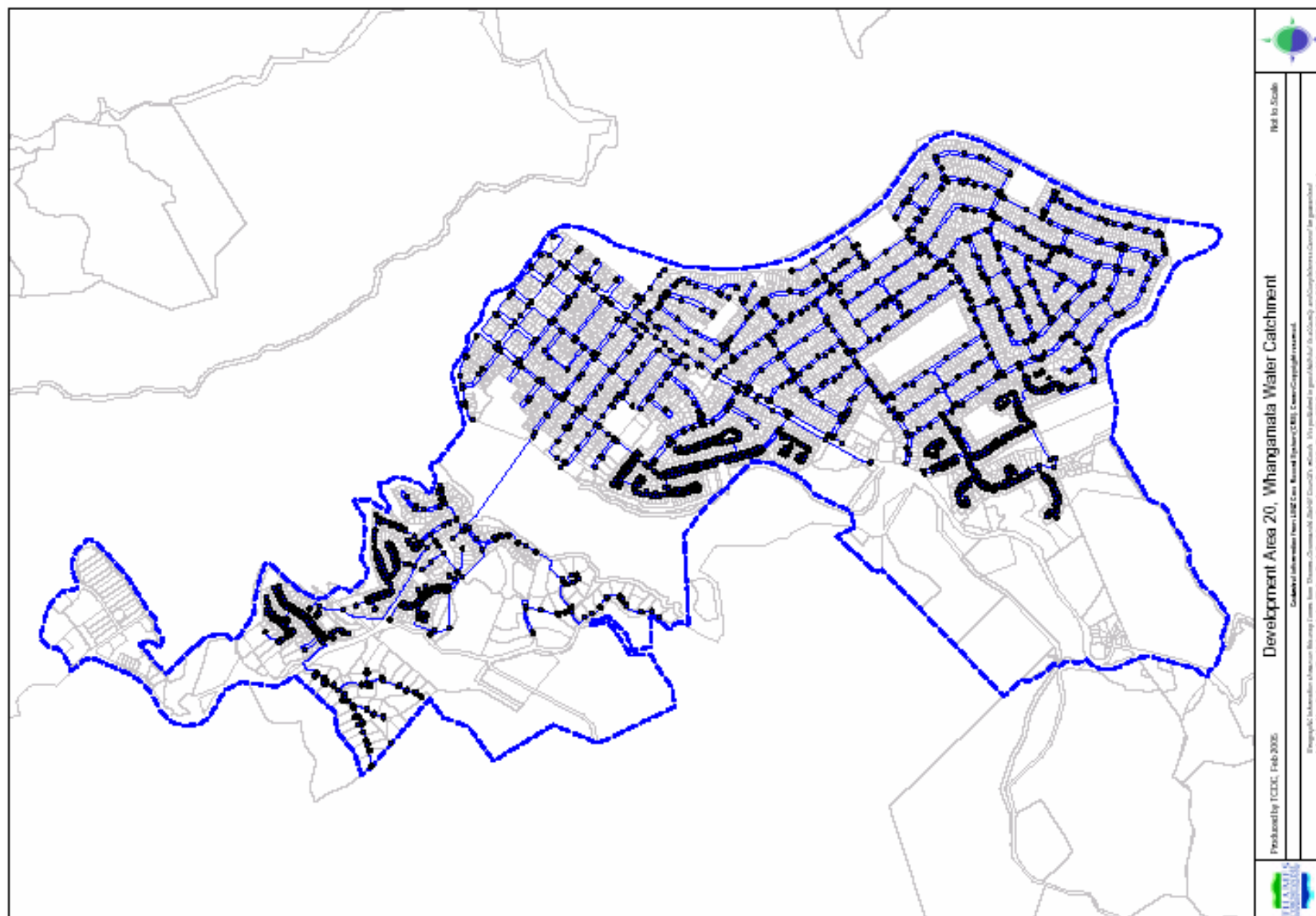




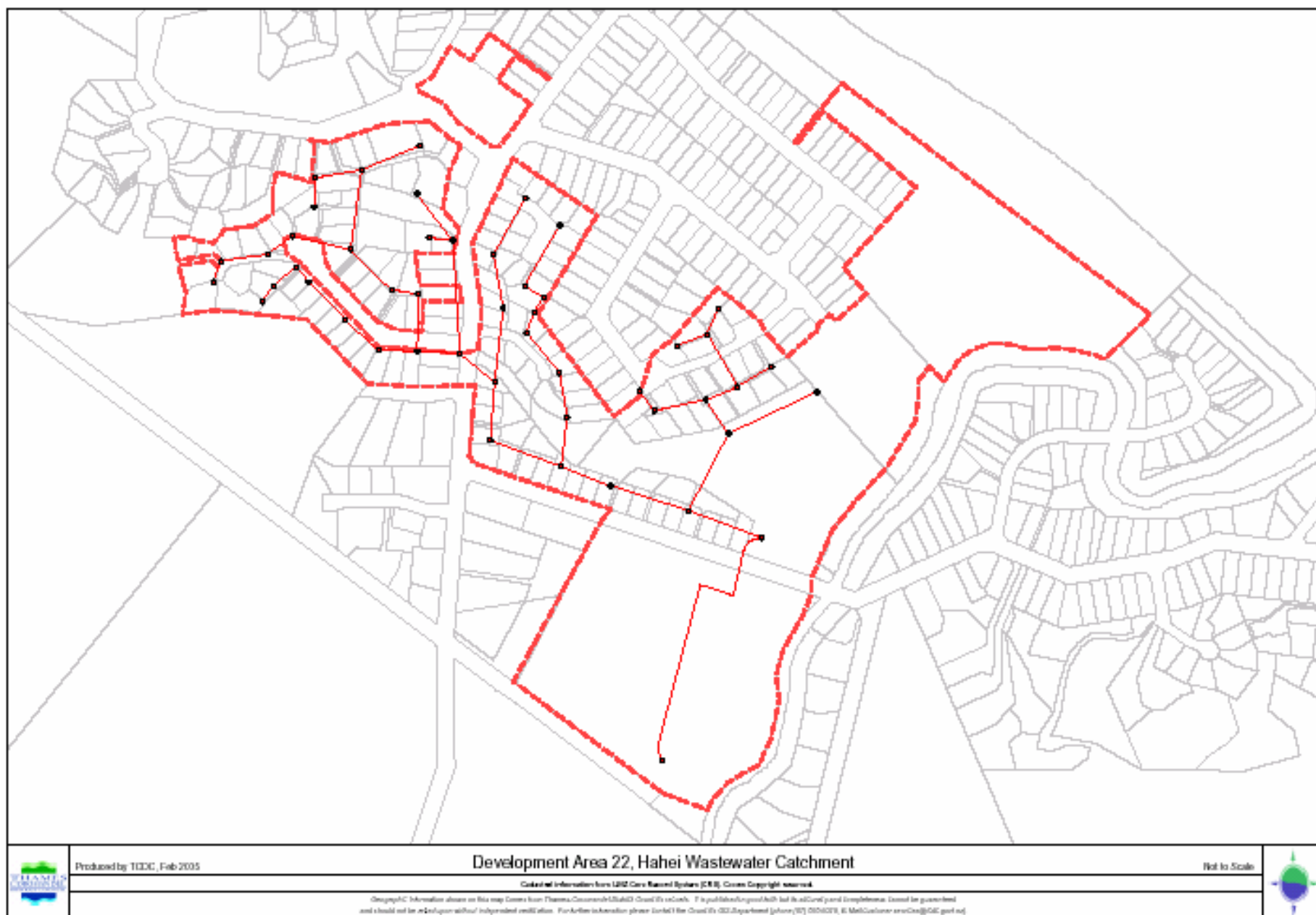


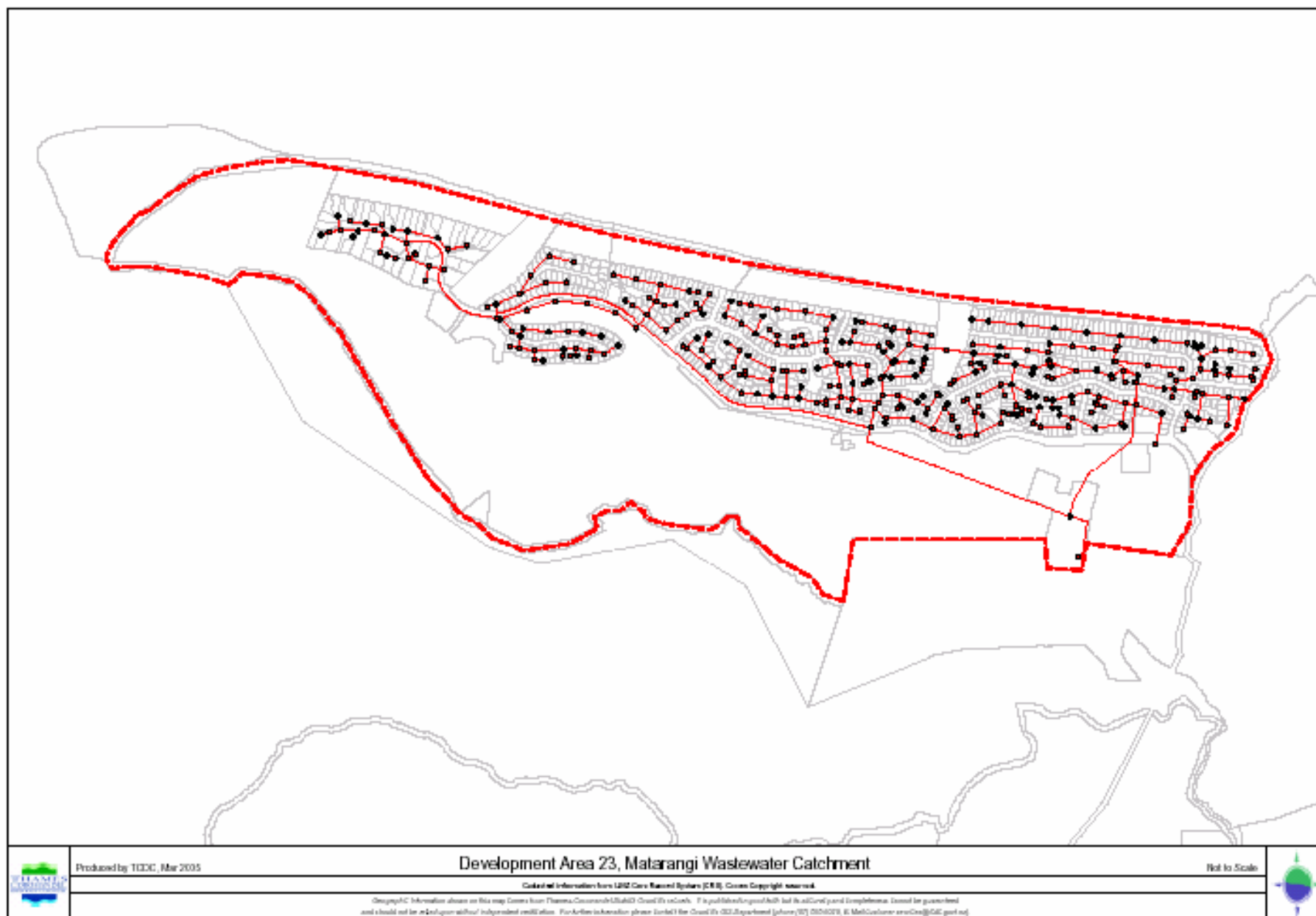




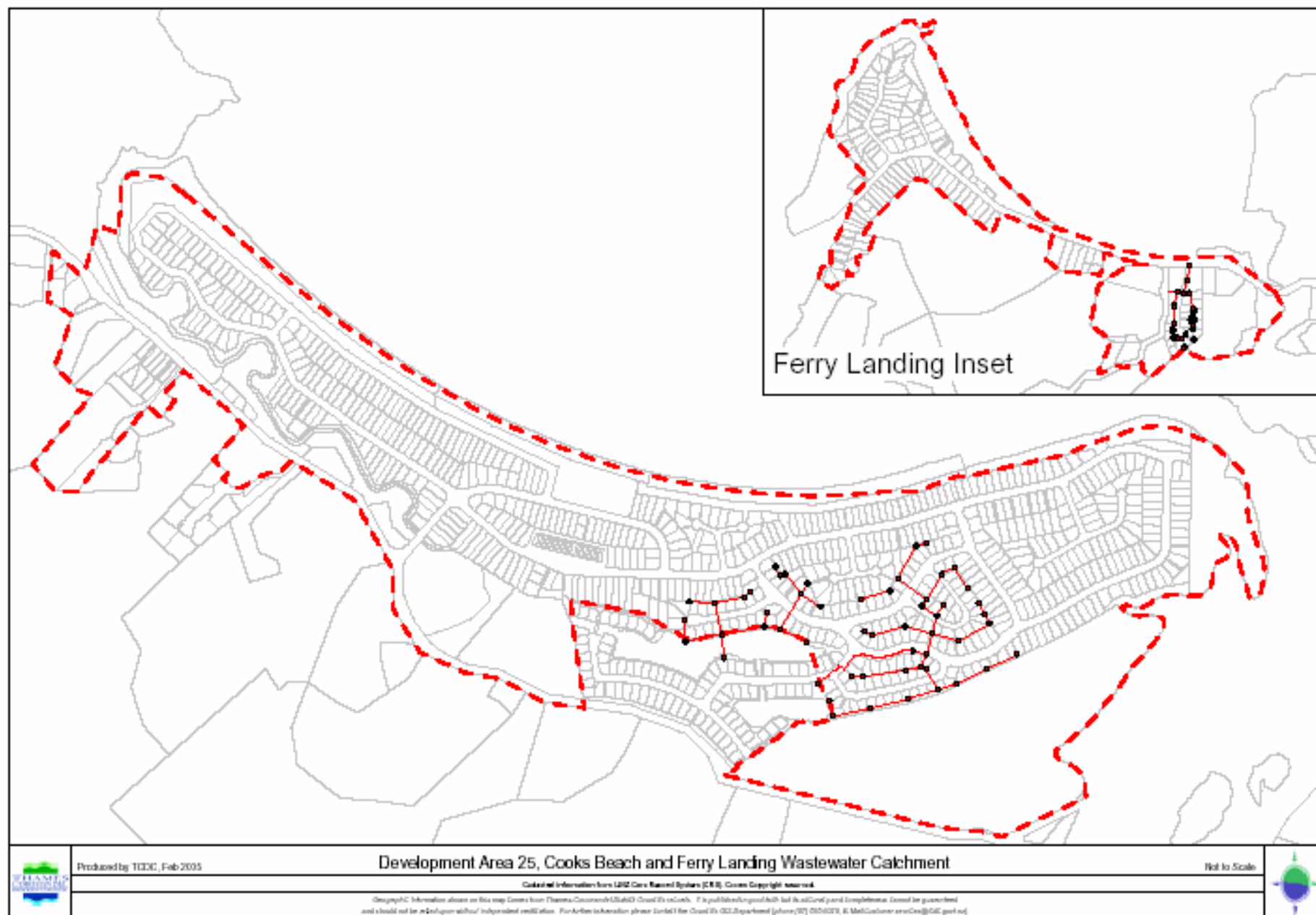


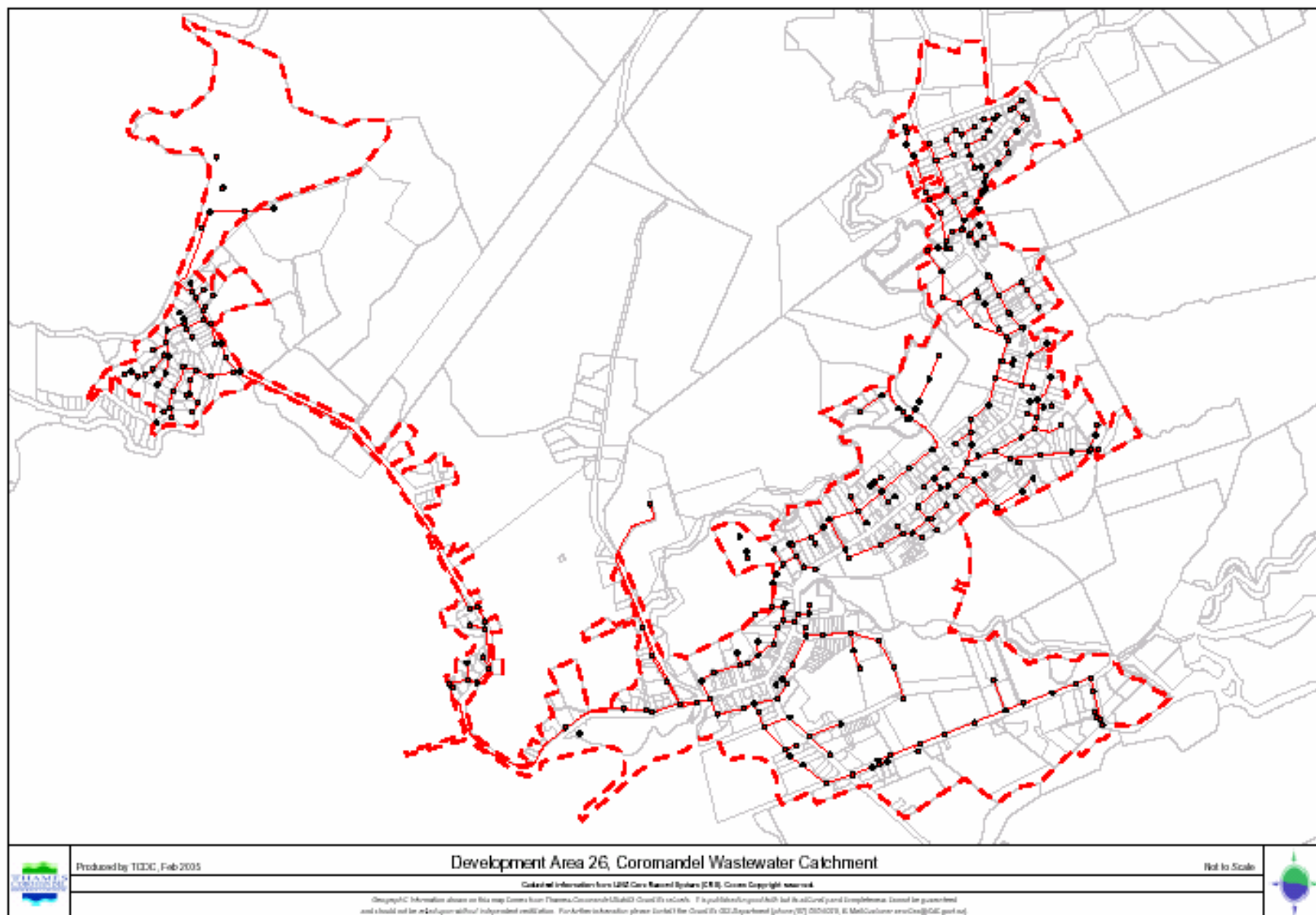


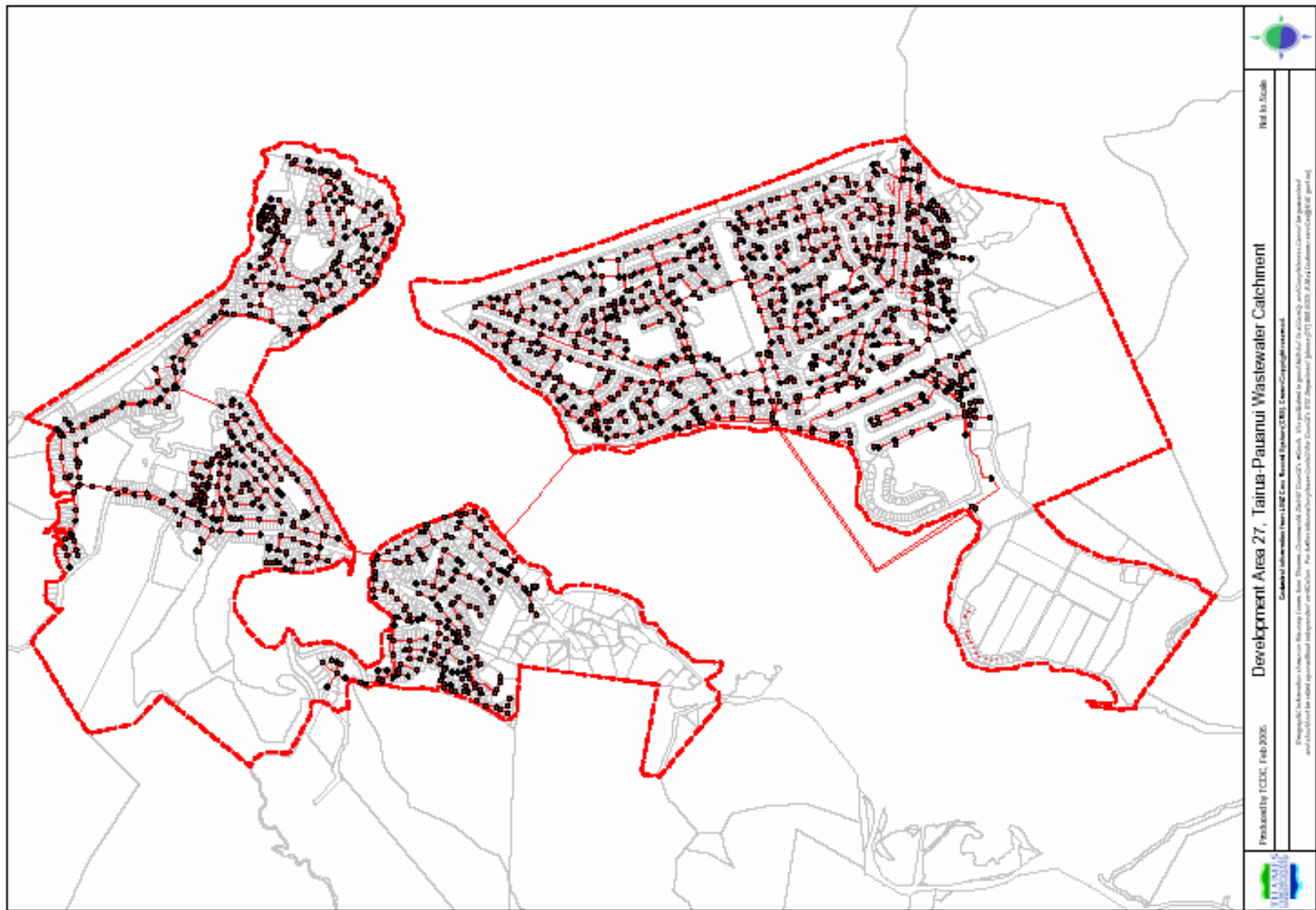


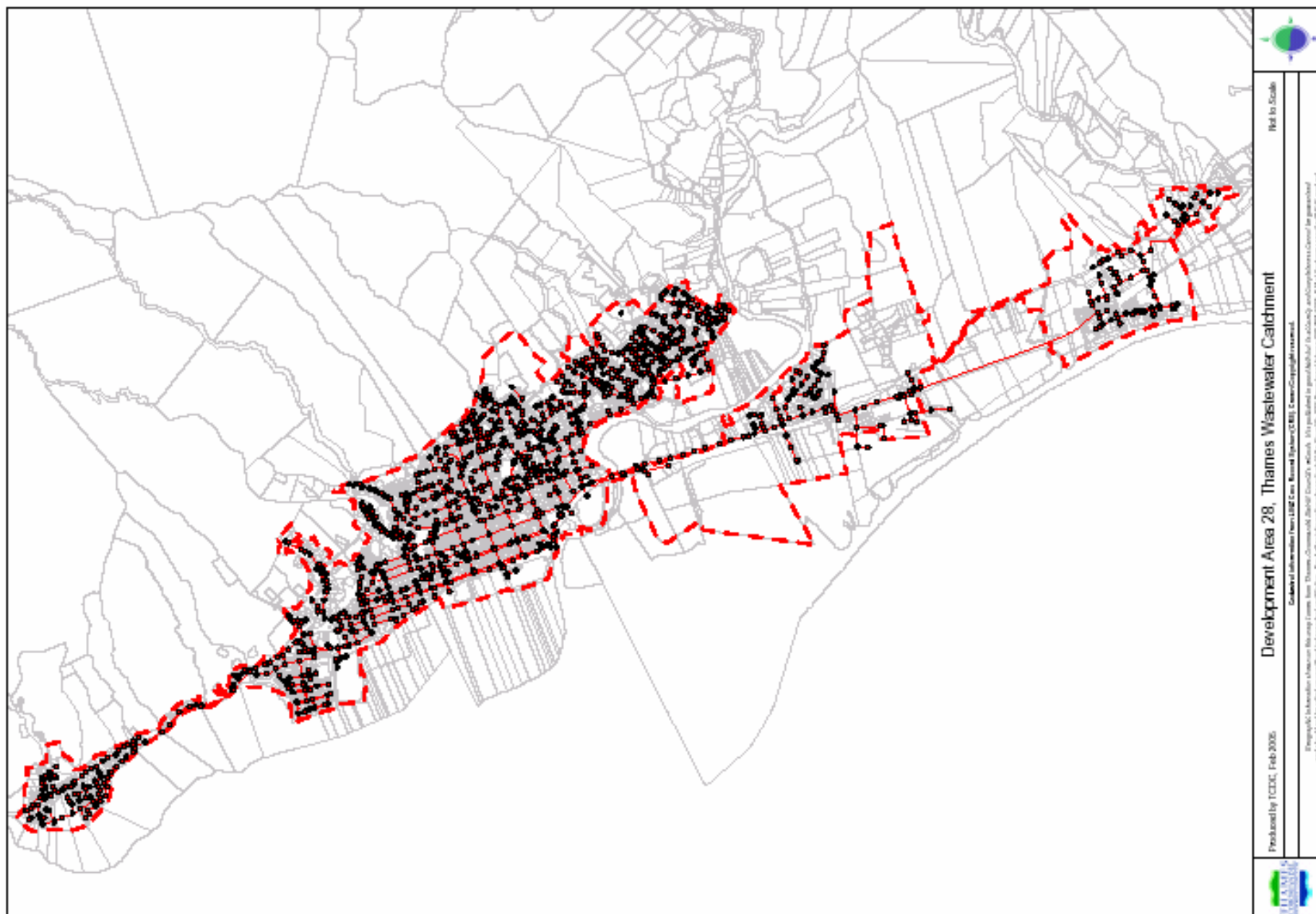






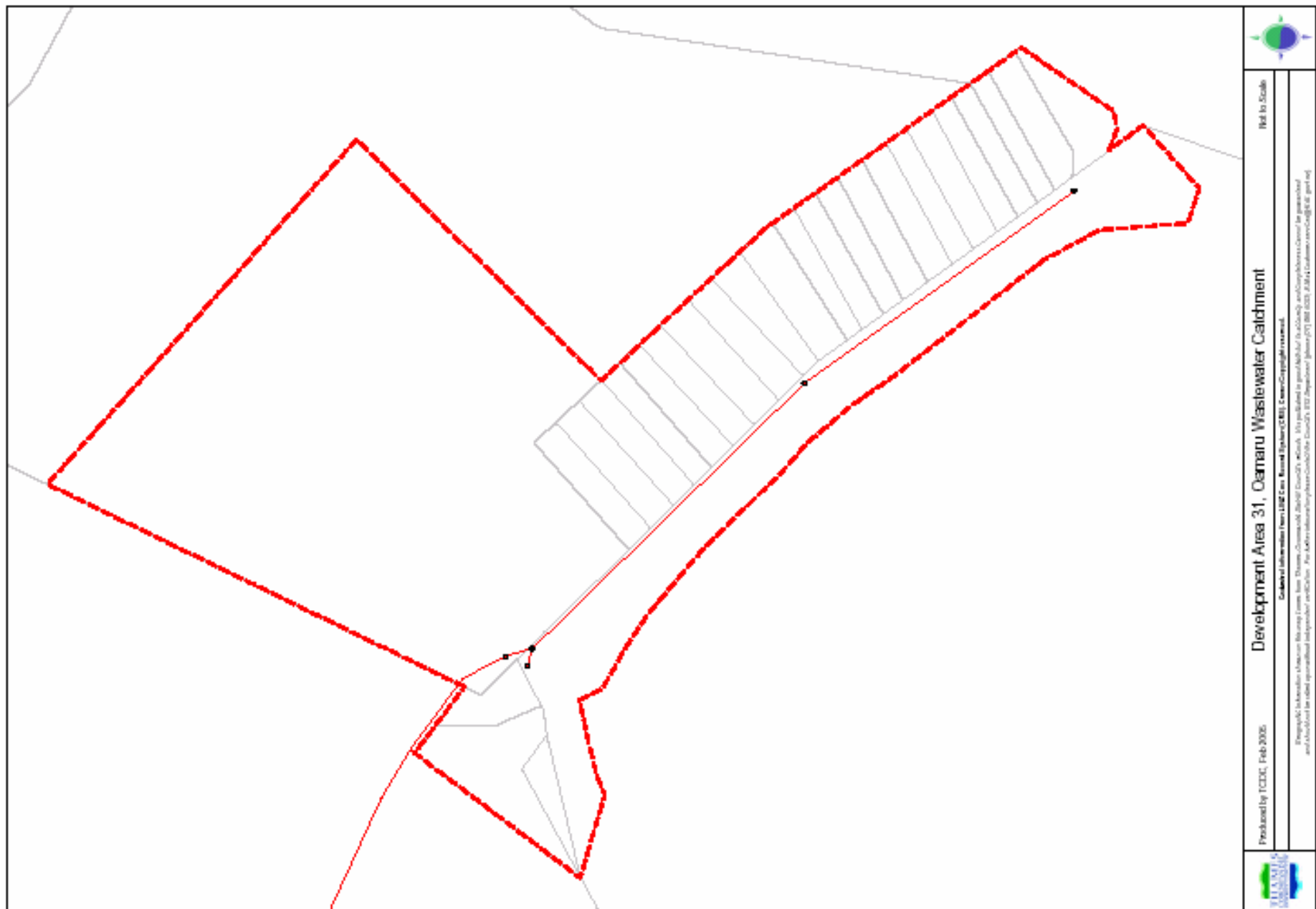


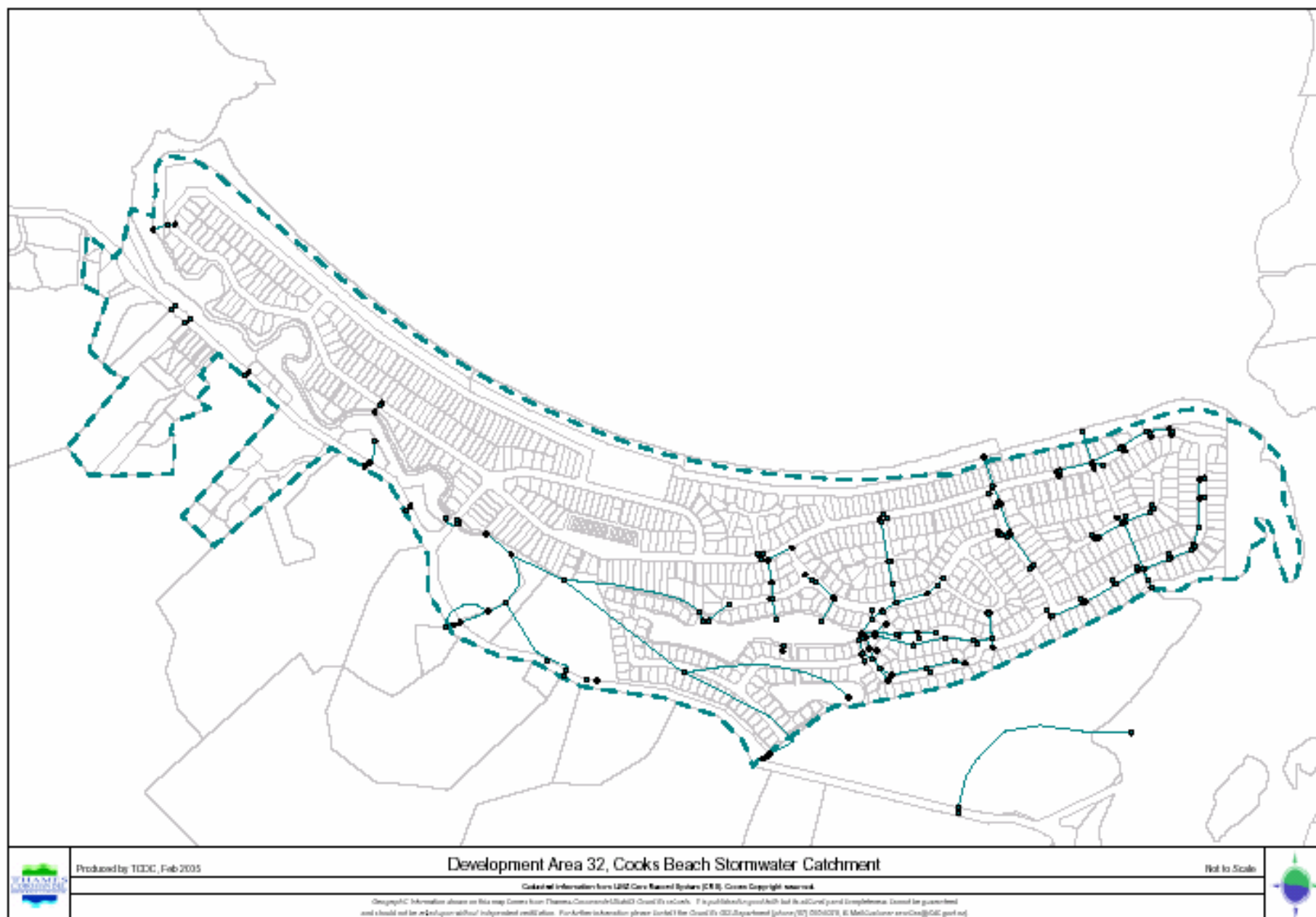


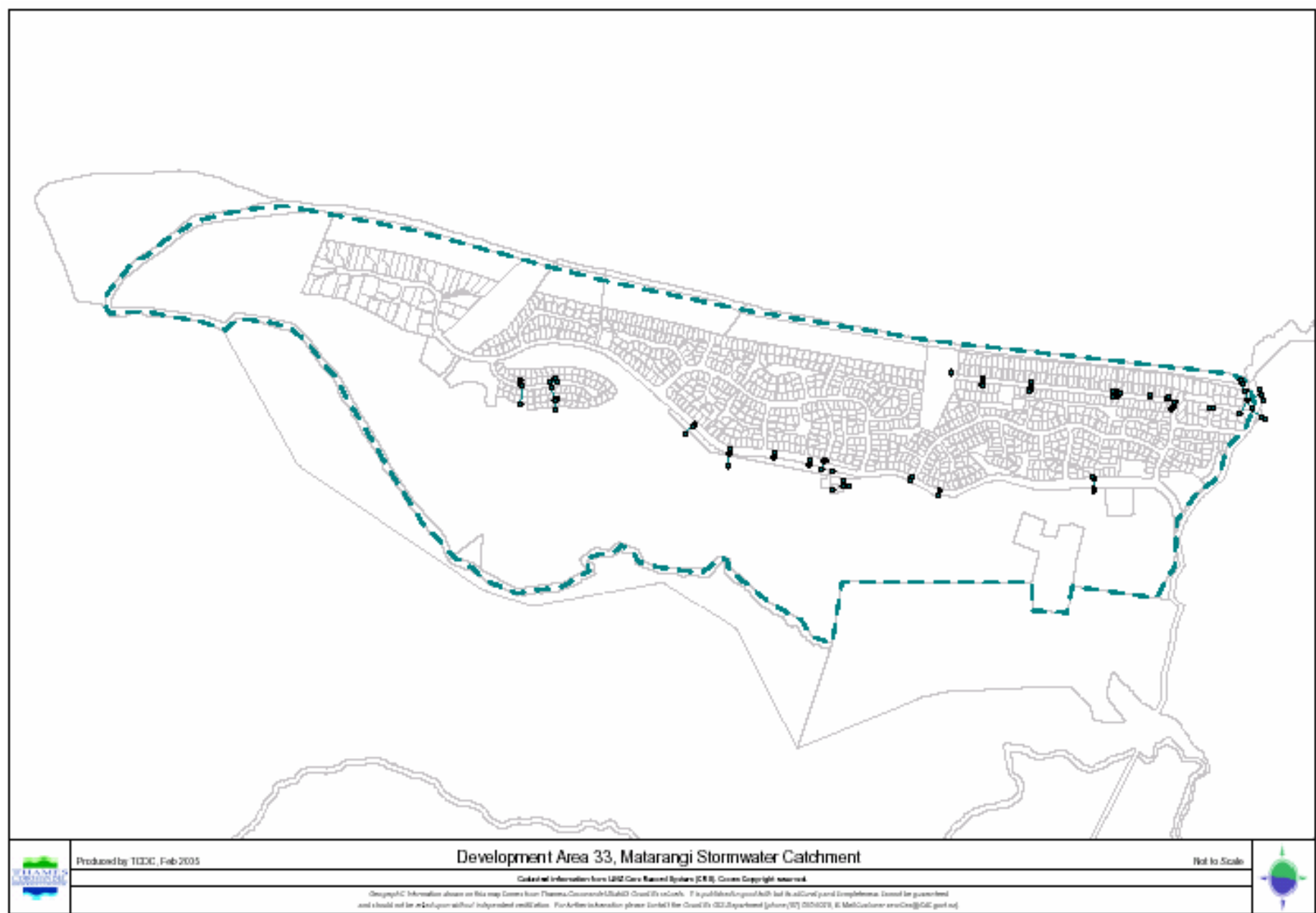


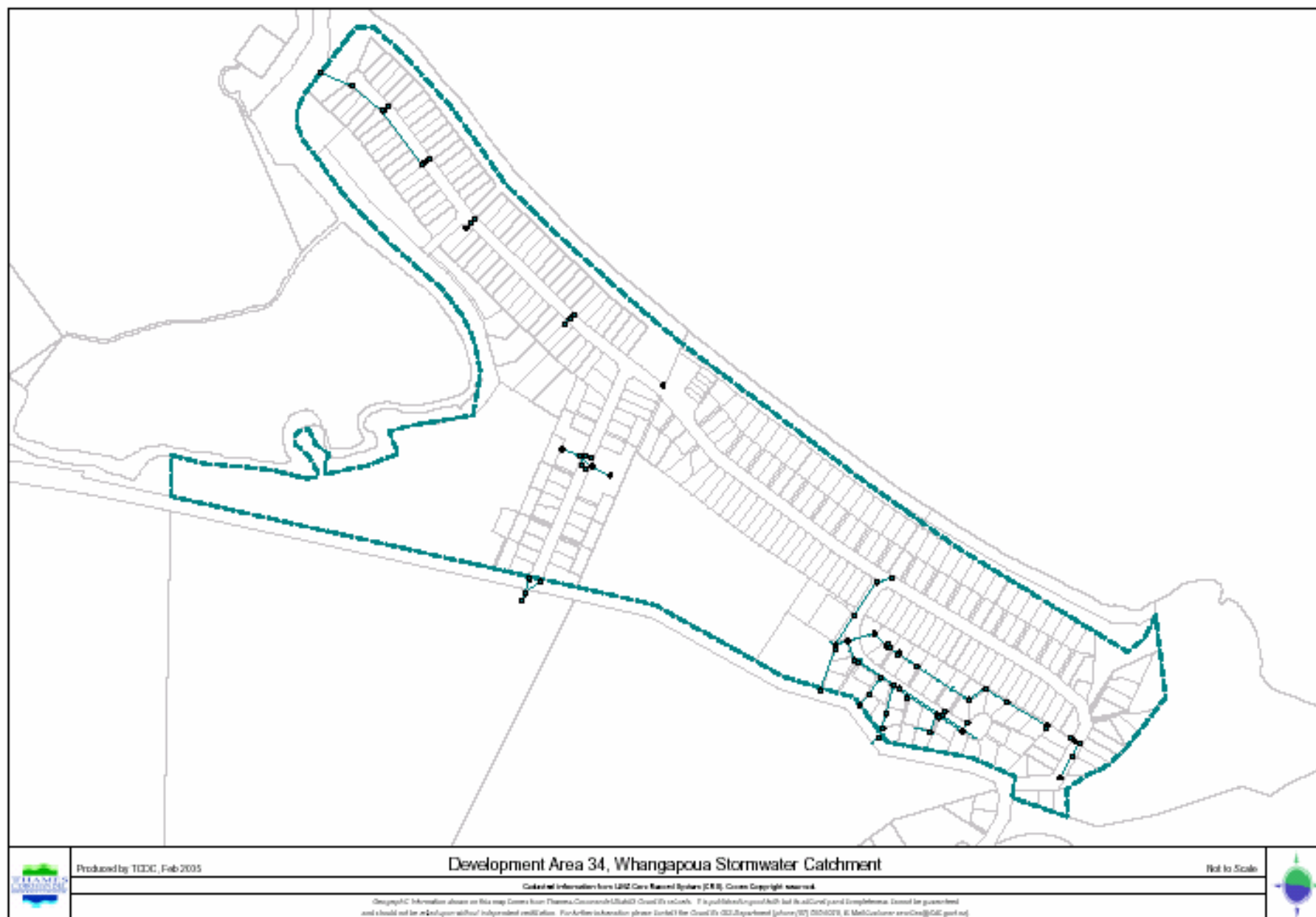


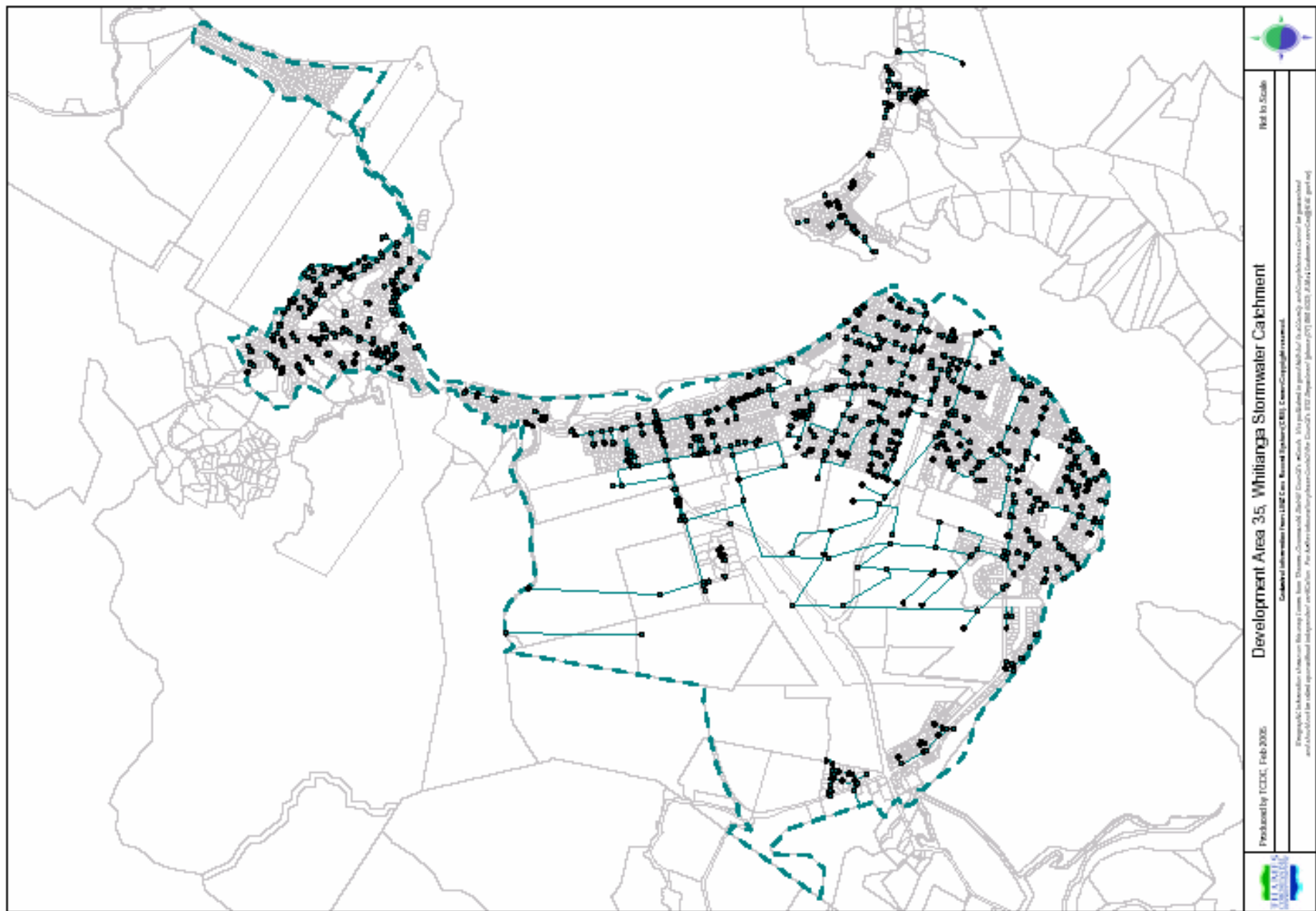


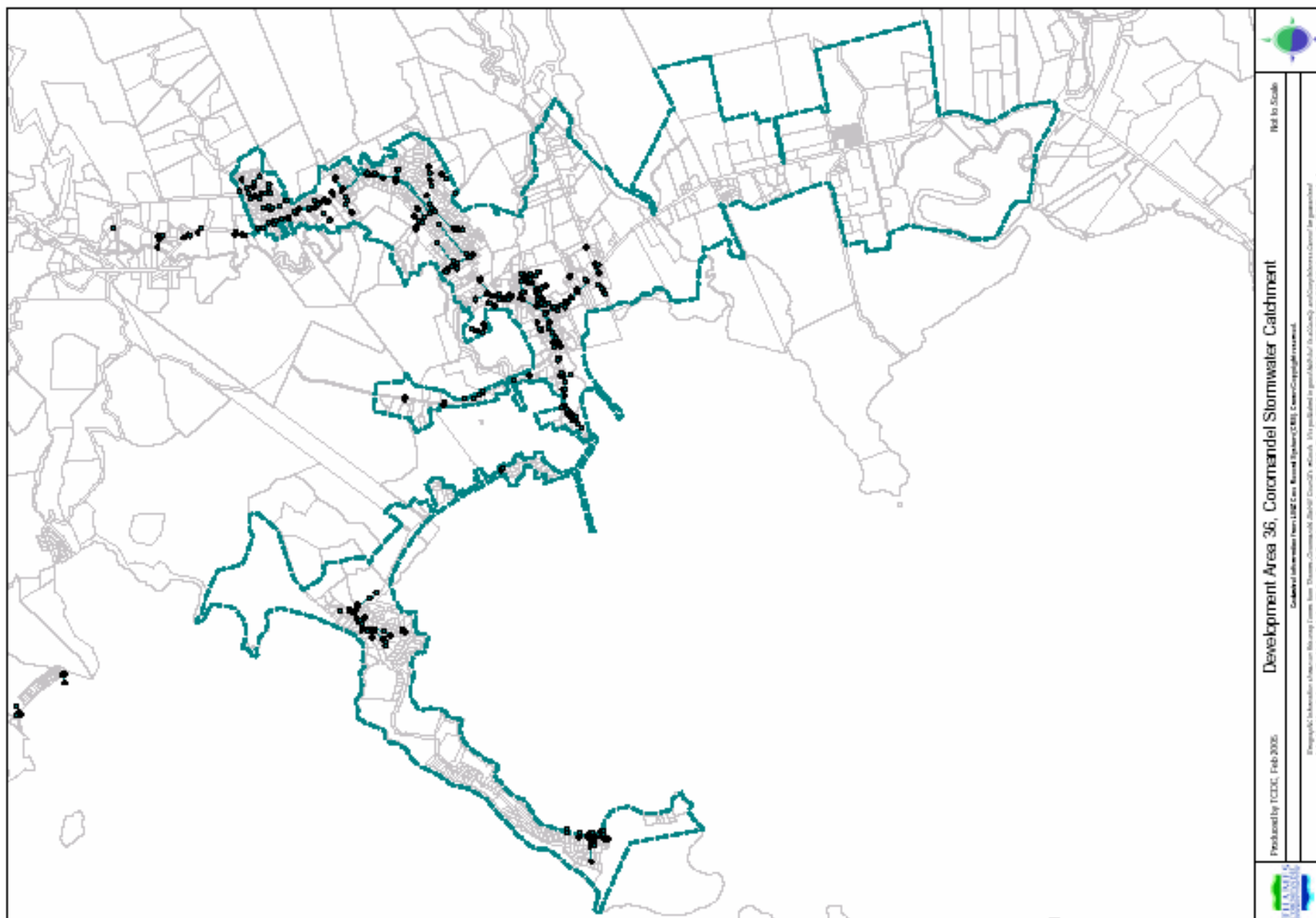




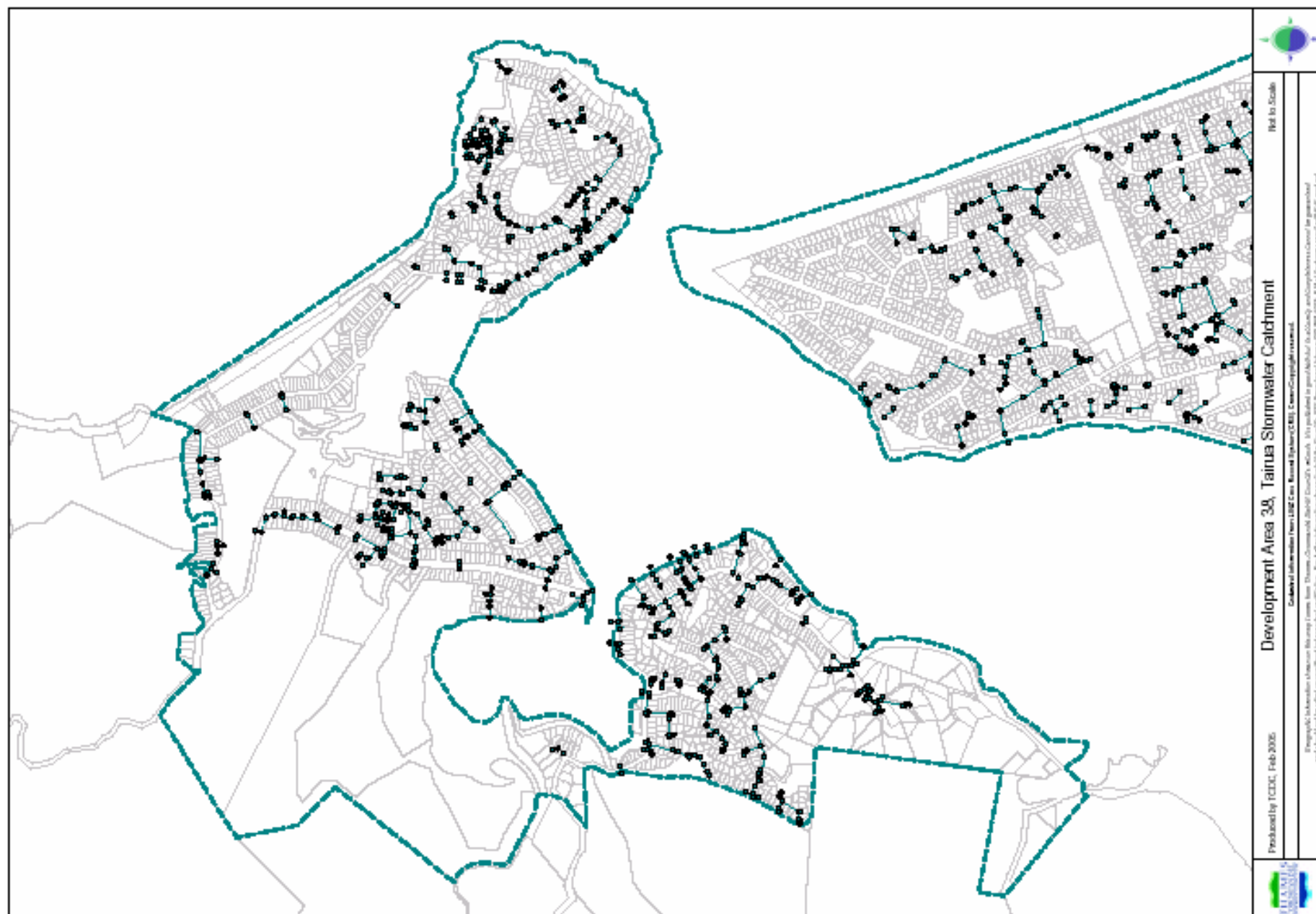


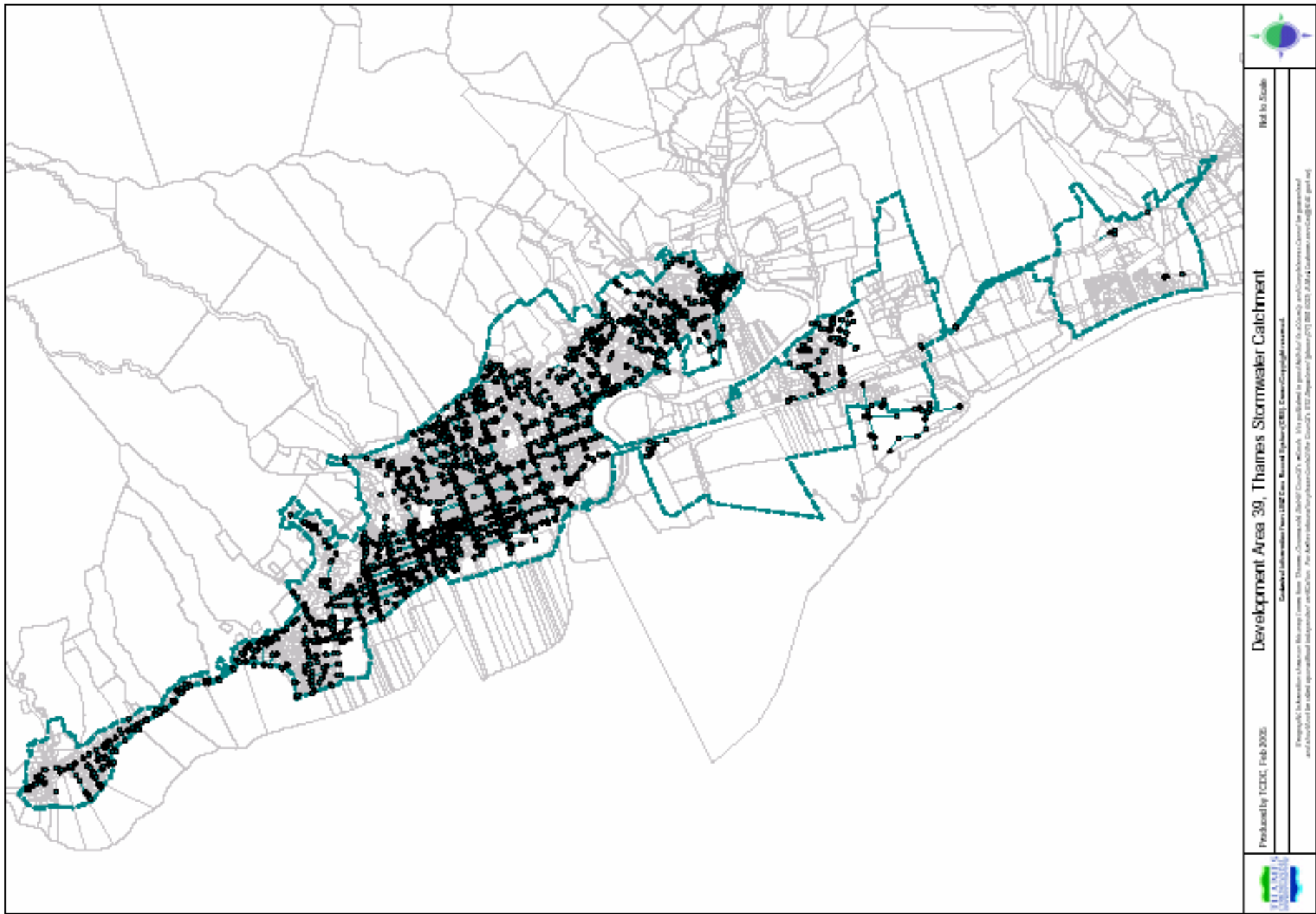




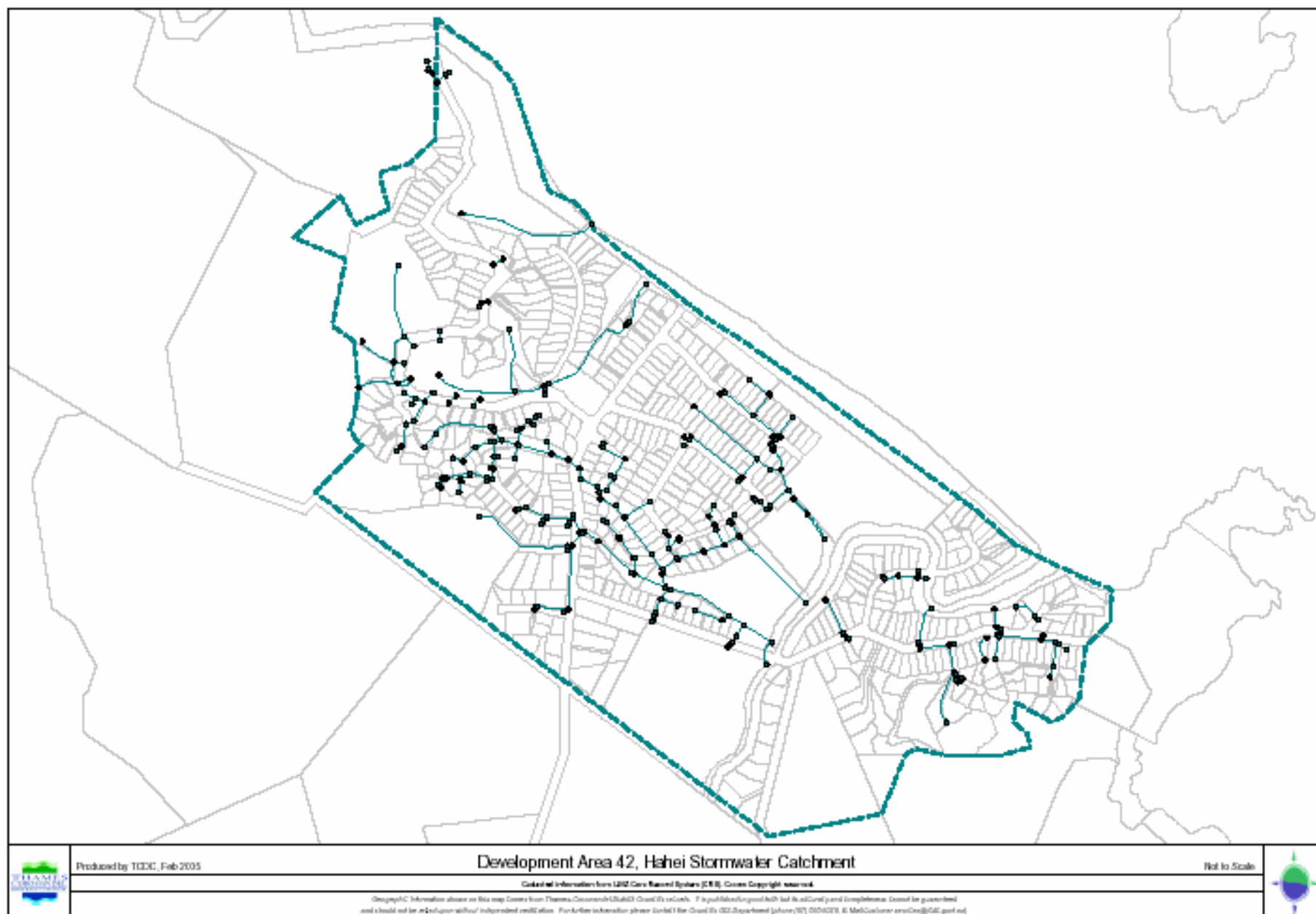












Determining Significance Policy

Background

The statutory requirement for Council to adopt a policy on significance is part of new decision-making requirements that work towards 'democratic local decision making'. The Act requires the degree of significance to be assessed with each decision or proposal made by the Council. The Policy on Significance guides staff and Council when using discretion to assess the level of significance of a decision. The level of significance will then guide the level of robustness to be applied to the decision making process (i.e. assessment of options, quantification of benefits and costs, the extent and detail of information to be provided, etc.).

Almost all of Councils functions involve some form of decision making. The decision making requirements of the Act lay out the criteria that must be considered when making these decisions. According to section 79 (1) it is the responsibility of a local authority to make judgements in its discretion on how to achieve compliance with these requirements and the extent to which written records are to be kept. The Policy on Significance provides a tool by which Council can assess the relative importance of a decision in order to then judge the level of rigour to be employed when observing the Act's decision making requirements.

Significance needs to be considered as if on a scale or continuum between 'not significant' and 'very significant'. Rather than thinking of it in a black and white sense, it needs to be considered in shades of grey. The more significant a decision or proposal, the greater

attention Council will need to apply to the robustness of the statutory process of decision making.

The policy can be considered a tool that provides a framework identifying which issues to consider, how to assess their level of significance and set of procedures to be performed if significance is identified.

It may also be useful to think of the Policy as a tool for identifying when a decision may be potentially troublesome (according to the criteria) and provoke future social, economic, cultural or environmental conflict. The Policy therefore prompts Council to anticipate if a decision may be contentious or problematic, and then requires Council to take appropriate observance of the decision making requirements. This will serve to provide both transparency and efficiency of process, and ensure that Council is optimally prepared for any potential future conflict.

Section 79 (2) of the Act states that when making judgements about the rigour to be employed in the decision making process, regard must be given to the principles of local government as laid out in section 14 of the Act. These principles include (but are not limited to) transparency, accountability, the views and diversity of the community and the impact on the community. Therefore these factors must be considered in assessing the degree of significance.

The legislative requirements are set out in section 90 of the Act, as follows:

- "90 Policy on significance*
- (1) Every local authority must adopt a policy setting out-*
- (a) that local authority's general approach to determining the significance of proposals and decisions in relation to issues, assets, or other matters; and*
 - (b) any thresholds, criteria, or procedures that are to be used by the local authority in assessing the extent to which issues, proposals, decisions, or other matters are significant.*
- (2) The policy adopted under subsection (1) must list the assets considered by the local authority to be strategic assets.*

Determining Significance Policy

- (3) A policy adopted under subsection (1) may be amended from time to time.
- (4) A local authority must use the special consultative procedure both in relation to-
 - (a) the adoption of a policy under subsection (1); and
 - (b) the amendment, under subsection (3), of a policy adopted under subsection (1)."

In respect to section 90 (2), the Act defines "Strategic Assets" as follows:

A "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 wellbeing 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-
 - a port company within the meaning of the Port Companies Act 1988;
 - an airport company within the meaning of the Airport Authorities Act 1966."

In respect to "strategic assets", a key consideration is whether the assets are essential to the continued delivery of an "outcome" that Council considers important for the wellbeing of the community. Decisions to transfer ownership or control of a strategic asset to or from Council or to construct, replace or abandon a strategic asset cannot be made unless they are first included in the Long Term Council Community Plan.

In addition, the legislative definitions of "significance" and "significant" must also be taken into account when preparing council policy. The definitions indicate the standards and tests that are relevant in considering the issue. The definitions are as follows:

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

- (a) the current and future social, economic, environmental, or cultural well being of the district or region;
- (b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision or matter;
- (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so

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

Factors to Consider

'Significance' and the Four Wellbeings?

The requirement to consider the "four well beings" would indicate that assessment of thresholds, criteria, and procedures in terms of significance should also include these matters as well as financial considerations.

In respect to financial considerations, options available could include; capital cost, operational cost or operational revenue or a combination of these factors. These factors could be used as absolutes (say all proposals above a certain dollar amount or as a proportion (say, of the annual budget or activity budget)). An alternative or additional measure may be to utilise an affordability measure. This could relate to costs per property per annum on a one off basis or on an ongoing basis.

It is more difficult to determine significance in respect to the four "well beings" because these matters are not easily measured. A method of doing so may be to assess if decisions will promote the district Community Outcomes.

Consideration of persons likely to be affected could relate to the numbers of persons affected and/or the nature of that effect from an economic, social or cultural perspective.

Implications of 'Significance'

The identification of a significant decision or proposal does not necessarily trigger a special consultative procedure. The Act stipulates that significant decisions must comply with all decision making requirements. The nature, extent and degree of compliance necessary to satisfy section 76 will vary from decision to decision. Section 79 gives each local authority the discretion to make judgements about how to achieve compliance with the decision making requirements in any particular instance, having regard to the significance of the matters affected by the decision, the principles relating to local authorities and the resources available to the local authority. In other words, what is appropriate will depend on the relative importance of the issue to the district.

Objectives

The objective of this policy is to provide a document that both satisfies the statutory requirements of the LGA 02, and provides Council with a policy tool that clearly guides efficient assessment of significance during decision making.

Options

The adoption of a Policy on Significance is a statutory requirement and therefore not optional. While Council has adopted a current policy within the 2004-2014 LTCCP, this policy has been experienced in practice as unclear, overly quantitative, and as having insufficient sensitivity to community aspirations and opinion. This current policy commits to review not less than every three years.

The amended draft Policy on Significance has been reviewed with these issues in mind. Set thresholds have been refined and a more detailed list of criteria has been included. These criteria seek to gauge a decisions level of impact upon the communities which Council serves.

Implementation

This policy will be implemented by all Council staff and elected representatives when making decisions and assessing proposals. It will be incorporated into the LTCCP and become a part of the formal

decision making processes of the organization. In accordance with the procedures outlines in this policy, all reports will include statement that significance has been considered, and if deemed significant will explain why it is considered to be so, and also include a statement addressing the appropriate observance of sections 77, 78, 80, 81 and 82 as are applicable.

Risks

Adoption of this policy is a statutory requirement and non-adoption would place Council in breach of these requirements.

Policy Statement

General Approach to Determining which Proposals and Decisions are Significant (section 90(1)(a))

In considering whether any issue, proposal, decision or other matter is of significance under this policy Council will be guided by the following matters:

- The likely impact/consequences of the issue, proposal, decision or other matter, on the current and future social, economic, environmental, and cultural well-being of the community;
- Consistency with Community Outcomes identified under sections 91 and 92 of the LGA 02;
- The parties who are likely to be particularly affected by or interested in the issue, proposal, decision or other matter;
- The likely impact/consequences of the issue, proposal, decision or other matter from the perspective of those parties;
- The financial and non-financial costs and implications of the issue, proposal, decision or other matter having regard to Council's capacity to perform its role.

Thresholds, Criteria and Processes for Determining which Proposals and Decisions are Significant (section 90(1)(b))

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

Determining Significance Policy

Thresholds:

A decision is likely to be deemed significant if;

- it involves more than \$5 000 000 or more budgeted expenditure
- it involves \$500 000 or more unbudgeted expenditure
- the decision impacts by increasing individual rates levies by 10%

Criteria:

The significance of all decisions (other than those addressed by Section 97) is to be assessed by the application of the following criteria.

- The extent and quality of the decisions impact on individuals and/or groups.
- The number of people affected.
- Consistency with existing Council plans and documents.
- Potential for the promotion of Community Plans.
- Levels of public interest.

Each of these criteria will be assessed on a continuum between low and high, and this will correlate to the degree of significance and importance of the decision.

The following outlines the way in which each criterion is to be applied. When assessing decisions or proposals against these criteria, the implications of the decision or proposal will be rated on the scale between the high and low extremes. The higher the corresponding number will indicate a greater the degree of significance. Each of these criteria will be applied where applicable.

Significance Assessment Criteria

1. Potential Impact on Individuals and Groups

1	2	3	4	5
Low				High

Here this criterion seeks to identify **extent and quality (positive or negative) of the impact** on the wellbeing of individuals and/or groups. The cultural values of each population cohort need to be taken into account in this assessment.

2. The Number of People Affected

1	2	3	4	5
No people Affected				all ratepayers/ residents affected

Here this criterion seeks to identify **how many people** are going to be affected by this decision or proposal in some way.

3. Consistency with Existing Council Policies and Plans

1	2	3	4	5
Consistent				Inconsistent

Here this criterion seeks to identify if a decision or proposal **sits consistently with previously adopted documents, strategic and political directions**.

4. Potential for the Promotion of Community Plans and Community Outcomes.

1	2	3	4	5
Promotes				Detracts

Here this criterion seeks to identify if the degree to which decision or proposal **supports the aspirations and interests local communities** as identified in Community Plans and Community Outcomes.

5. Levels of Public Interest in the Matter

1	2	3	4	5
Disinterested community				Very Interested Community

Here this criterion seeks to identify if **intensity and/or distribution of public interest** are high enough to deem the decision or proposal as significant to the districts communities.

Each decision or proposal is to be considered in relation to each of these criteria. Professional judgment and discretion needs to be employed in the process of assessment. Significance may be indicated by a high score, 4 or 5 points, in one or more criteria. Significance may also be indicated by a medium score over multiple criteria.

While this policy sets out distinct financial thresholds, there may be financial decisions that do not trigger these thresholds but need to be considered as significant. Decisions will be made with sensitivity to a decisions potential impact on, and interest held within, the community. Generally the greater the amount of money concerned, the higher impact on the community, higher levels of public interest, and therefore a higher level of significance. However this is not necessarily definitive. There may be some cases in which small financial transactions may attract great public interest, while some large financial transactions may accrue very little attention at all. Council may take into account knowledge it has previously gained about community opinion; e.g. community plans, community outcomes, previous public debate and public submissions.

Procedures:

The following procedures will be applied:

- If the decision is considered to be significant, reports will include a statement indicating why the matter is considered to be significant. This statement will include an explanation which assessment criteria had been triggered and the potential implications of the decision.
- Where the proposal or decision is considered to be significant, the report will also include a statement addressing the appropriate observance of sections 77, 78, 80, 81 and 82 Of the LGA 2002, as are applicable;
- Once an issue, proposal, decision or other matter is determined as significant in accordance with the application of this policy,

appropriate observance of the decision making provisions of the Local Government Act 2002, will be undertaken.

- An accordance with section 77 (c) of the Act, when significant decisions relate to any land or body of water, Council will take into account the relationship of Maori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna and other taonga.

In Accordance with Section 90 (2) of the Local Government Act 2002, Council has Identified the Following Strategic Assets and Groups of Strategic Assets

For the purpose of section 90(2) of the Act, Council considers the following assets to be strategic assets:

Infrastructural Fixed Assets owned or maintained by the Thames-Coromandel District Council relating to:

- Roads
- Water
- Stormwater
- Wastewater
- Reserves
- Community Housing

Measurement and Review

This policy shall be reviewed every three years in line with the LTCCP timetable.

Statement on Contributions to Decision-making Processes by Maori

The Council's Annual Report's will outline it's processes which have provided opportunities for Māori to contribute to Council's decision-making.

An important part of the Long-term Council Community Plan is outlining how the Council might help Māori better participate in Council decision-making.

The Council intends to take the following steps to foster the development of Māori capacity to contribute to the Council's decision-making processes:

1. The Council will maintain a contact list for consultation purposes in order to provide for the provision of more detailed information where specifically requested by community groups and or individuals including Māori.
2. Those persons who have identified themselves as Māori for the purposes of the Local Government Act 2002 will be specifically targeted for consultation when Council decides that it wishes to consult. Where specific legislation requires specific consultation with Māori or Tangata Whenua, then the requirements of that specific legislation will over-ride this policy.
4. Regular forums will be held with each Community Board to enable Māori to participate in decision-making processes.

Statement on Water and Sanitary Assessment

Under part 7 of the Local Government Act (LGA) 2002, Thames-Coromandel District Council (TCDC) is obliged to undertake an assessment of water supplies, wastewater services, stormwater services, cemeteries, crematoria, public toilets and solid waste disposal. This assessment is required to include all areas within the district including those that are unserved and unreticulated. Schedule 10 of the LGA 2002 requires Council to include a summary of the water and sanitary services assessment in its Long-term Council Community Plan. In accordance with Section 125 of the LGA 2002, this assessment was adopted on 1 July 2005 using the special consultative procedure.

While the following report fulfils Council's obligations as laid out in the LGA, it will also go some way to fulfilling obligations under section 35 of the RMA 1991. Council is obliged under this section to gather information, monitor and keep records on the environment. This report shall also support Council in formulating district plans and in development forecasting. It will also provide a valuable resource for members of the public when requiring resource and environmental information about the Peninsula.

This report is the result of a qualitative research process that gathered and analysed Council and public documents, and the local knowledge of community members. While Council has records relating to the larger reticulated

communities, for the smaller unserved communities in which residents supply their own services, there was very little information held by Council. This report seeks to fill these gaps in knowledge and provide a comprehensive analysis of the water and sanitary services available to all communities in the district. Forty six communities, as listed in the contents, were identified and assessed.

1.1 Key Issues

The assessment of water services highlighted a number of common risks to public health that were echoed in many locations across the Peninsula. The following is a summary of these key themes.

1.1.1 Quantity of Water Supply

In both reticulated and unreticulated communities the research identified problems with inadequate water supplies. This problem can be reasonably easily solved by individual non reticulated households by seeking alternative sources of water to supplement primary supplies, such as collecting roof water or employing tanker water deliveries.

However, finding, securing and managing alternative sources for larger reticulated communities is far more challenging.

The Coromandel has a high level of absentee home ownership and significant summer time transient populations. This leads to dramatically fluctuating populations and consequently comparatively high peak demand periods. Council is currently active in seeking alternative water sources for many of the larger communities. This is planned to be complimented with public education campaigns in the need for and techniques of water conservation.

While the transient nature of Coromandel's population makes the management of water supplies particularly challenging, this is a global issue. The need for frugal water usage and water body conservation is becoming

Statement on Water and Sanitary Assessment

increasingly apparent as a critical issue in sustainable environmental management. Council is working to provide water supplies that will service its communities well into the future, with minimal affect on the environment.

1.1.2 Quality of Water Supply

A large portion of Coromandel's population is consuming water that is untreated. TCDC provided reticulated supplies are in most cases disinfected. However, there are many residents in smaller unreticulated communities that are consuming untreated water from streams and shallow bores that are likely to be contaminated with bacteria and protozoa.

This contamination can come from farm runoff, excrement from local fauna and septic tank runoff. Contaminants such as cryptosporidium, campylobacter, giardia and Ecoli can cause serious illnesses which can be particularly dangerous for infants, very old people and those with damaged immune systems.

There are a number of very simple and inexpensive methods of treating water on an individual household basis, such as first flush diverters, boiling and filtration. Similarly there are means of treating larger private water supplies, such as filtration, UV light, disinfection or chlorination. In order to protect public health interests there is a need for further public education on the risks of consuming untreated water and the techniques available to make water supplies potable.

1.1.3 Mineralogical Contamination of Water Supplies

Coromandel Peninsula contains a number of geothermally active areas. Bore water that is drawn from these areas is likely to be contaminated with naturally occurring minerals such as iron, manganese, antimony and arsenic.

The west coast of the Peninsula has a history of gold mining. Many of the communities on the Thames Coast have old mines in the hills above their settlements. It is likely that these

mines may have water flowing out of them that is contaminated with minerals such as iron, manganese and arsenic. There is a possibility that these minerals could potentially contaminate streams from which private residents are drawing their water.

Lifelong consumption of this water can lead to serious health problems. Where TCDC is supplying reticulated water to residents, adequate tests are conducted to identify the chemical components of the water and appropriate treatments are put in place to make it potable. However, there are a large number of private schemes making use of bores and takes from potentially contaminated streams that have not been tested. Additional testing needs to be done to establish where the danger zones are. Public education needs to be undertaken to inform people of the dangers of using mineralogically contaminated water and the steps that can be taken to minimise risk.

1.1.4 Inadequate Septic Services

There are a number of areas in the Coromandel that have heavy clay soil types that are unsuitable for septic soakage. There are concerns that septic tanks in the catchments of streams in these areas may be contaminated with effluent running off these soils. Conversely there are a number of areas with very light alluvial soil and where houses are built in sand, septic tank effluent could be rapidly draining straight into streams and estuaries.

Many of the properties along the coast of the Peninsula are used sporadically. Often holiday homes are vacant for the majority of the year and then used very heavily over summer with up to 30 residents using one toilet. This can lead to unreasonable strain being placed upon the septic system and can lead to system failure and resulting contamination of the environment. Efficient monitoring of septic tank management and upgrading of inadequate systems is required.

1.1.5 Flooding and Ponding

There are many communities in the district that have experienced devastating flooding in recent years. There are five key communities that have been identified as being most at risk and targeted for flood prevention work under the Peninsula Project (Tararu, Te Puru, Waiomu/Pohue, Tapu and Coromandel township). These works will combine river and catchment works, engineering works, and planning and building controls that seek to protect the target communities from large rain events.

1.1.6 Cemeteries

The sanitary assessment investigated the long term adequacy and public health concerns of the seven Council owned cemeteries. It was found that in most cases provisions were more than adequate to cope with population projections in that additional berms were constructed as needed on available land within the existing cemetery grounds. There were two cemeteries, Mercury Bay at Ferry Landing and Buffalo Cemetery in Coromandel town, with demonstrated capacity issues. Council has committed to securing and developing additional land to service these two communities.

There were two instances of environmental concern. Mercury Bay and Totara Park cemeteries both exhibited potential problems with stormwater drainage of land that had been scheduled for burials. Solutions involving drainage and groundwater treatment are being investigated.

1.1.7 Public Toilets

A full assessment of the Peninsula's public toilets was undertaken as a part of this assessment. It was found that while most were in good condition and adequately protecting public health there were twelve toilets that needed further maintenance, refurbishment or complete replacement. It was particularly the toilets along the Thames Coast that were presenting problems.

1.1.8 Planned Council Action

Water, Wastewater and Stormwater

Council will devote its attention to remedying problems that have been identified in the Council owned reticulated services. The goal is that all reticulated Council owned systems will be complying with Drinking Water Standards and Council service standards. The attainment of this goal would mean that at least 70% of the Peninsula's present and future residents will be provided with adequate and safe provisions.

Council will not intervene in the construction, maintenance or administration of presently privately owned schemes unless there is a high level of risk identified, the community desires works to commence and is prepared to buy into the works involved. Council will, however, engage in a public education programme that seeks to promote good water supply practices and efficient septic tank management.

Public Toilets

Council is presently preparing a ten year maintenance, refurbishment and replacement schedule that addresses all of the issues identified in the assessment of the district's public toilets.

Cemeteries

Council has committed to securing and developing land as cemeteries to service the two communities that have exhibited limited remaining capacity (Mercury Bay Cemetery at Ferry Landing and Buffalo Cemetery in Coromandel).

Statement on Waste Management Plan

Introduction

Schedule 10, Part 1 of the Local Government Act 2002 requires Council to include a summary of its waste management plan in its Long-term Council Community Plan. The following text summarises the TCDC Waste Management Plan and includes a summary and discussion of several other documents such as The Onyx Solid Waste Service Contract, the Draft Trade Wastes Bylaw, Solid Waste Asset Management Plan and it also discusses recent waste management goals, strategies and performance.

Background

Council is obliged under Section 539 of the Local Government Act 1974 to adopt a waste management plan that makes;

provision for the collection and reduction, reuse, recycling, recovery, treatment, or disposal of waste in the district.

Council is not legally obliged to provide services directly, but is obliged to ensure such services are provided within the district.

Council conducts this activity through a number of different roles, such as community educator, service provider and owner of refuse transfer stations. Council also plans future waste reduction strategies and is contract partner with waste collection and disposal contractors.

Council documents such as the Waste Management Plan, the Solid Waste Asset Management Plan, and the Solid Waste Service Contract set the strategic direction for the management, reduction, collection and disposal of wastes, while taking into account regional, national and global environmental trends, directives and policy contexts.

Factors Influencing Waste Management

Statutory Directives

The Health Act 1956 requires Council to improve promote and protect public health within the district. This includes the collection and disposal of waste. The Litter Act of 1979 requires Council to provide adequate litter bins in public places. Council also has responsibilities under the Resource Management Act of 1991, which controls the effects of discharges of waste to land, water and air.

Global Issues

The wider global context of resource and waste management has impacted on the development of the TCDC Waste Management Plan. Documents such as the 1987 Bruntland Report and Agenda 21 have established a global political environment which promotes sustainable development.. The International Waste Management Hierarchy has been incorporated into the TCDC Waste Management Plan. This establishes a hierarchy of goals as follows; reduction; reuse; recycling; recovery; treatment and disposal. This hierarchy clearly dictates that disposal of waste needs to be considered as a last resort.

Issues of Significance to Maori

The world view of Maori is given attention within the Waste Management Plan. Waste is an issue of significance to Maori as all resources are considered as Taonga, or sacred possessions. Therefore water, land and air are considered sacred possessions to be treasured and protected. Efficient and effective management of these taonga involves appropriate management of wastes.

Statement on Waste Management

Regional Issues

The TCDC district lies within the boundaries of the Waikato Regional Council.

The Waikato Regional Policy Statement, Waikato Regional Coastal Plan and the Proposed Regional Plan set out objectives and policies that impact on waste management within the district.

District Issues

There are a number of factors within the TCDC district that influence waste management. The physical characteristics of the district, i.e. steep unstable land, heavy rainfall, coastal boundaries, frequent flooding, dispersed populations and roading infrastructure impact on the collection and disposal of wastes. Similarly economic and social and environmental issues such as budget restrictions, fluctuating populations and social expectations impact on Councils response to waste management issues.

The TCDC Proposed District Plan sets out objectives, policies and methods for waste management within the district. The objective of which is to avoid remedy or mitigate the adverse environmental effects of waste generation and disposal.

The Waste Management Plan is divided into three main sections; Solid waste, liquid waste and hazardous waste. Each of these sections are summarized below.

Solid Waste

Current Methods of Collection and Disposal

The Thames-Coromandel is serviced by a district wide rates funded solid waste collection service. Approximately 75% of the dwellings in the district are covered by this service. Private contractors collect this solid waste via a weekly curbside collection service with a limit of two bags per household. During the peak period this collection is more frequent. Council also supplies crates for the collection of recyclable materials to be put on the roadside during the regular collections. There are also a number of private waste collection services.

While there are no open landfills in the district there are refuse transfer stations in Thames, Coromandel, Matarangi, Whitianga Tairua Pauanui and Whangamata. There is one also planned to be built in the Mercury Bay South area in the next ten years. Waste deposited in these stations is transported out of the district.

Solid waste including domestic refuse, hazardous substances and recyclables can be deposited at these transfer stations. Hazardous substances are kept separate and are collected by specialized Environment Waikato contractors.

All seven refuse transfer stations offer organic waste disposal facilities. Green waste that is received is mulched, partially composted and offered back to the public free as a resource for gardening.

Council strategy for the management of solid waste is based first on a principle of waste reduction, and then the efficient management of any waste that cannot be avoided. The waste management plan outlines an approach that seeks waste reduction, reuse, recycling and resource recovery. A central concept in this mission is to promote waste reduction through community education. Fundamental to achieving a reduction in waste is an informed community that is committed to waste reduction.

Council has established policies and methods for the collection of solid wastes. Kerb side collection has historically been provided throughout the district. Refuse transfer stations are also provided for people to make larger waste deposits after weekend cleanups and holiday home owners who may miss weekly collections. Council has established a user pays system that is subsidized by general rates. Council is committed to continuing kerbside collections and reviews the adequacy of services on an ongoing basis.

The decision was made, after investigation of options within the district, to transport all waste to the Tirohia Landfill south of Paeroa. Council has made a decision that no additional landfills are to be established in the district. There are however 25 closed landfills in the district that are presently being rehabilitated. The cost of this rehabilitation is being jointly funded by the general rate and a fee incorporated into the price of refuse transfer station fees. Farm and other privately owned dumps are governed by the objectives policies and rules of the Proposed District Plan.

Liquid waste

Current Collection, Treatment and Disposal

The collection treatment and disposal of liquid wastes is a combination of Council owned and maintained reticulated wastewater treatment systems, private onsite treatment systems, and a small number of private reticulated systems. Liquid waste includes sewage, trade waste (not currently included in the Waste Management Plan), contaminated stormwater and its associated treatment.

Council owns and manages 9 reticulated waste water treatment systems. Catering for a the majority of a permanent population of around 25, 000 and a peak time population in excess of 100, 000 people.

Management Strategies

A central tenant of the liquid waste strategy is the concept of waste reduction. This reduction is complimented by effective and efficient treatment and disposal of unavoidable wastes.

A number of strategies are in place to reduce the production of liquid wastes. These include encouraging land use management that minimizes stormwater contact with contaminants and encourages maximum onsite stormwater retention. Domestic wastewater reduction is approached through the encouragement of sound management of domestic wastewater and assessment of treatment options.

Liquid waste management strategies are intended to avoid adverse effects upon the environment. Methods employed seek to promote solutions that are site appropriate and produce desirable environmental outcomes. Council commits to maintaining its present liquid waste collection treatment and disposal actions and to explore alternative methods of managing liquid wastes. All new developments will provide appropriate liquid waste management systems. Council will engage ongoing monitoring of individual septic tanks and collective onsite wastewater systems. These services will be provided on a 'polluter pays' basis as council is providing mainly private benefits to people and properties.

Stormwater is managed through community education, diversion of stormwater away from contaminants, and detection of unauthorized connections to Council owned systems.

Hazardous Waste

Hazardous wastes are dealt with in conjunction with Environment Waikato. Main sources within the district are manufacturing sector, domestic households, and agricultural chemicals. Council does provide some services in the form of providing collection points for some hazardous wastes at Thames, Whitianga and Whangamata. These hazardous wastes are collected by Environment Waikato contractors and taken out of the district for treatment and/or disposal.

Documents that Compliment the Waste Management Plan

Solid Waste Asset Management Plan

The Solid Waste Asset Management Plan is a document that sits alongside the Waste Management Plan. It contains a comprehensive list of solid waste assets and a program for their maintenance and management. Council's Asset Management Plan states that the key assets are 7 main refuse transfer stations, four sets of three Moloks (large unmanned refuse receptacles), 25 closed landfills and 435 public litter receptacles.

All assets are maintained and operated by contractors in accordance with service provision contracts. There are presently two separate contracts that relate to this activity. The first contract relates to the collection and disposal of solid waste and recyclables throughout the district. The second contract relates to the maintenance of parks and reserves, including the emptying and maintenance of litter bins in public places.

Assets are re-valued at 3 yearly intervals and are replaced at the end of their economic life. The 2004 LTCCP includes budgetary provisions of \$30 000 for solid waste after hours drop off facilities in the 2005/06 year, and \$1 million for the Mercury Bay South refuse transfer station in 2013/14. In accordance with Council's Revenue and Financing Policy this will be funded jointly by ratepayers and by users of the service.

Statement on Waste Management

Onyx Solid Waste Service Contract

The Solid Waste Service Contract is a document that sits alongside the Waste Management Plan. Council is presently a partner in a service provision contract with private solid waste collection contractors Onyx Group Limited. The term of the present contract expires on the 30th day of June 2008. This contract outlines Council and community expectations of waste management services within the district, including kerbside collection, operation of refuse transfer stations and transport of wastes to Tirohia Landfill.

In 2002 Council conducted a review of service delivery and the decision was made to reduce Council's active participation in waste management and move towards a more regulatory role. This strategy sees Council as a partner in a solid waste management contract, with the contractor providing collection, and disposal services. As a part of the 2002 review after extensive exploration and analysis of relevant issues, and public consultation, it was decided that establishing a single solid waste contract with service providers, offered the most effective and economically viable option.

General Discussion

Solid Waste Reduction Policies and Strategies

During 2003 Council initiated a new waste disposal and recycling program and established a goal of a 20% reduction in waste to landfills by 2008. A recycling educator has been employed to conduct education programs within the schools of the district. Issues such as recycling, worm farming and composting are discussed with children in order to try to establish sustainable waste habits in the community in the long term.

Installation of transfer station facilities in Mercury Bay South, possibly consisting of the installation of more Moloks, is the only major waste management project planned. Closed landfill rehabilitation will remain a significant activity.

Review of the Waste Management Plan has yet to be completed. It is timely that this project be undertaken as it is evident that contrary to the goals set out in the Waste Management Plan levels of waste are steadily rising. Council will devote attention to analysing past

performance in this activity, and develop a reviewed management plan that sets achievable goals.

Current Waste Reduction Performance

After an initial drop in solid waste levels following the implementation of a recycling program in 2003, levels of waste have been rising steadily. Given the recent growth and development on the Coromandel Peninsula, future population and rating unit projections and increasing community expectations concerning environmental quality, it is likely that waste management issues are going to become increasingly important.

The recent building boom that the district is experiencing has significantly impacted upon the issue of waste management. The Ministry for the Environment estimates that up to half of all solid waste comes from the building and demolition activities. Council staff have observed that waste data indicates a steady rise in solid waste levels and suspect that this can be attributed to building growth in the district.

Significant re-evaluation of the key Council solid waste documents needs to be undertaken in order to address the discrepancy that exists between the Council's strategic direction based on a primary goal of waste reduction, and the steady rise in solid waste production within the district. It is suspected that the district growth and changing habitation patterns are contributing to increasing waste levels. Further research into the causes of this trend will be required before more effective waste reduction strategies can be developed.

In 2003 Council set a goal of reducing waste by 20% in the five years to 2008. The steady growth in residences in the district means that a total reduction in waste to landfill is not being realised. See Figure 1 which shows total waste to landfills in the five years to 2004/05.

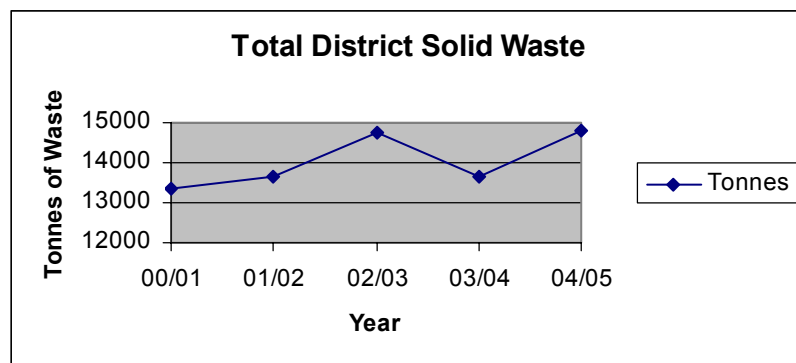


Figure 1

The distinct drop in 2003/04 can be attributed to the implementation of a district wide recycling scheme at this time. The total amount of solid waste has since this time been steadily rising. A more useful means of measuring waste reduction is kilograms of waste produced per rating unit. This measure takes into account the average total waste being deposited in landfills by individual households. Figure 2 shows that while there was an initial dip in the waste production of individual rating units when the 2003/04 recycling scheme was established, since this time the weight of waste produced by individual rating units has been increasing. Figure 2 also compares the per rating unit waste production with Council's strategic goal of a 20% reduction in solid waste, as established in 2003, if the reduction was spread evenly over five years.

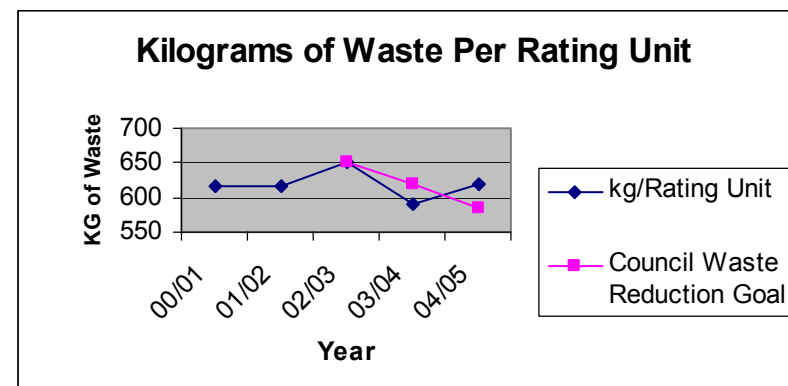


Figure 2

The issue of construction waste is being considered by Council staff. It is acknowledged that this is a significant issue that is seriously inhibiting Council from realising its strategic goal of waste reduction. There are possibilities that special rates could be imposed for construction waste in order to shift the financial burden from the ratepayer and back on to the polluting businesses. In order to implement a policy of this type Council would need to budget for the installation of weighbridges at the refuse transfer stations. Once weighbridges are installed construction businesses could be accurately charged for their deposits and thereby weighbridge installation costs would be rapidly recovered. It is envisaged that charging businesses a special rate for depositing these wastes would offer these businesses additional motivation to reduce the amount of waste being produced. There are a number of construction and demolition waste reduction techniques that have been identified by the Ministry for the Environment. Council staff are assessing these techniques in relation to the economic and geographical and social specificities of the district.

Present Liquid Waste Issues

The recent 2005 Water and Sanitary Assessment identified a number of liquid waste issues within the district. This assessment has been summarized elsewhere in this LTCCP document.

There are five waste water treatment plants (Whangamata, Hahei, Whitianga, Pauanui/Tairua, and Coromandel) that are scheduled for upgrading due to capacity issues problems with excessive nutrient levels of the treated effluent. Council is presently planning and

Statement on Waste Management

budgeting these works. Tourism demand subsidy scheme funding has been applied for wastewater schemes at Whangamata, Tairua-Pauanui, Whitianga and Hahei. At the time of writing, Council was waiting on the results of the assessment of these applications. The Tairua/Pauanui settlements presently have a development moratorium in place that prohibits any growth that would place further strain on the wastewater treatment plant. The moratorium is due to be lifted when the planned upgrade of the plant is completed.

Trade Waste

While not included in the presently adopted version of the Waste Management Plan, trade waste (or industrially produced waste water) is appropriate to be addressed within a discussion of liquid waste issues. At the time of writing this document a draft trade waste bylaw was being prepared for special consultative procedure. This draft bylaw has been prepared to assist Council with monitoring and recovering costs associated with trade wastes being deposited into waste water reticulation systems. Affected Parties, including Councils water supply contractors United Water and polluting businesses that are involved are to be consulted with.

Where to from Here?

The TCDC Waste Management Plan is overdue for review. There are a number of changes that have occurred since its adoption in 1998 that need to be incorporated into a new revised document. Continued monitoring of the solid waste stream is required in order to develop a suitable waste reduction strategy if Council waste reduction goals are to be realised.

Council will continue working to address waste water treatment problems in the district. The goal of upgrading the 5 problematic waste water treatment plants is underway. Council is also working with Environment Waikato with the goal of improving onsite wastewater treatment system monitoring and maintenance.

Trade wastes, and demolition and construction wastes, are two waste streams that are currently being addressed as they have been identified as key contributors to the district's waste production.

Statement on Council Controlled Organisations

The Local Government Act 2002 requires Council to include in the LTCCP information on council controlled organisations in which Council is a shareholder.

This includes information on:

- Council's policies and objectives that relate to the ownership and control of the organisation;
- the nature and scope of the activities to be provided by the council-controlled organisation; and
- the key performance targets and other measures by which performance may be judged.

The Mercury Bay Regional Museum has been identified as a Council Organisation due to Council's involvement in it. Its status however as a Council Controlled Organisation is yet to be determined.

Local Authority Shared Service Limited

The local authorities of the Waikato Region have worked closely together over a number of years on mutually beneficial joint projects. These projects have demonstrated the benefits that can be gained both in terms of outcomes achieved and reduction of costs to the community.

Taking this a step further the local authorities have begun to develop new shared service initiatives, including a valuation database to provide on-line, up to date, information for all councils. The initiative has been formalised by the establishment of the Local Authority Shared Service Limited (LASS).

Local authorities of the Waikato Region have established LASS as a Council Controlled Organisation by way of a company, in which each local authority will have a single share. This company will be used as an umbrella for future development of shared services through the Region.

Share Holders

Local Authority Shared Services Limited is jointly owned by the 13 local authorities of the Region being Waikato Regional Council (Environment Waikato), Hamilton City Council, Franklin District Council, Hauraki District Council, Matamata-Piako District Council, Otorohanga District Council, Rotorua District Council, South Waikato District Council, Taupo District Council, Thames-Coromandel District Council, Waikato District Council, Waipa District Council and Waitomo District Council.

Council Policies and Objectives Relating to Council Controlled Organisations:

While Council does not have any significant policies or objectives about ownership and control of the company, the establishment of the company, "Local Authority Shared Services Limited" was subject to public consultation as part of the 2004 Long-term Council Community Plan amendment in 2005. Appointment of a director to

Statement on Council-Controlled Organisations

the company, who represents the Thames-Coromandel District Council aligns with Council's Appointment of Directors Policy (adopted December 2005).

The Constitution of Local Authority Shared Services Limited sets out the principles according to which the company will be operated and governed. This includes shareholders rights and the appointment of directors. The annual Statement of Intent identifies the activities and intentions of the Company for the year and the objectives to which those activities will contribute.

Company Objectives

The objective of the company is to provide local authorities of the Waikato Region with a vehicle to develop shared services and provide them to local authorities.

Nature and Scope of Activities

The principle nature and scope of the activity for the company is to:

1. Provide shared services to all local authorities within the Waikato Region. The company also intends to sell processes and systems as set up under individual agreements to local authorities outside the Region.
2. Pursue all opportunities to develop shared services that may benefit the community, either through enhanced services or reduced cost.
3. Give consideration to developing shared service products which a majority of local authorities of the Region believe are of value. The objective is to provide the most effective access to Regional information that may be of value to the community using modern technology and processes.
4. Explore all possible avenues to provide these services itself or contract them from outside parties, each depending on a rigorous business case.

The initial product developed is a shared valuation database. It is envisaged that the company will continue to develop new products to be made available to the local authorities within the Waikato

Region. At the same time other opportunities may be explored in partnership with local authorities outside the Region to develop new products such as aerial photograph provision, GIS systems and emergency management systems.

Performance Targets:

The initial performance targets shown are best estimates and will be reviewed on a year by year basis to ensure that the products being offered continue to provide state of the art and cost effective processes for the shareholders.

The Performance Targets are that:

- All products are to be fully costed including development costs and to be recovered by way of revenue over a maximum of a five year period.
- The company will enter into long term contracts of at least three years duration with each of the participating parties in relationship to any product development so as to ensure the costs of development are spread equitably between the partners and over a realistic time frame.
- Guarantees will be obtained from the participating parties to provide for the capital and cash requirements of the organisation and to ensure that, based on prevailing interest rates, the cost of the development of new products is covered.
- A positive cash flow will be maintained such that the equity ratio is maintained at least 40%.
- Customers will be surveyed annually to ensure that there is at least a 90% satisfaction with the services being provided.

Directors:

The current directors of Local Authority Shared Service Limited are noted below:

Director	Position	Councils Director Represents
Harry Wilson (Chairperson)	CEO Environment Waikato	Environment Waikato

Director	Position	Councils Director Represents
Tony Marryatt	CEO Hamilton City Council	Hamilton City Council
John Inglis	CEO Waipa District Council	Waipa, Otorohanga and Waitomo District Councils
Langley Cavers	CEO Hauraki District Council	Thames-Coromandel, Hauraki and Matamata-Piako District Councils
Phillipa Wilson	CEO Franklin District Council	Franklin and Waikato District Councils
Peter Guerin	CEO Rotorua District Council	Rotorua, South Waikato and Taupo District Councils

Mercury Bay Regional Museum

The Mercury Bay Regional Museum has been identified as a Council Organisation due to Council's involvement in it. Its status however as a Council Controlled Organisation is yet to be determined.

Statement on Council-Controlled Organisations

Appendix

Glossary of Terms

Glossary of Terms

Activity: Goods or services provided by or on behalf of Council. Council participates in 29 activities (e.g. provision of water, building control, parks and reserves, etc).

Activity Groups: Related activities clustered together under a single category, such as 'community facilities'. The 29 activities of Council are divided into six activity groups.

Annual Plan: Contains Council's proposed budget and funding impact statement for one financial year. Identifies any variation from the financial statements and funding impact statement included in Council's current Long-term Council Community Plan for that year.

Annual Report: A report that Council prepares once a year to assess performance against its objectives, activities, performance targets and budgets outlined in the Long-term Council Community Plan.

Asset: A resource controlled by Council, such as a park, road, stormwater system, water or wastewater plant.

Asset Management Plans: Plans that provide operational guidance concerning service standards, maintenance and capital costs for assets such as parks, roads, stormwater systems, water and wastewater plants.

Assumptions: A statement that is used as the basis for making particular predictions that may or may not occur.

Biodiversity Strategy: A strategy to define the Council's key goals and approach to working with agencies to improve biodiversity. By biodiversity (short for biological diversity) we mean the variety of all life on earth, and the places where they live.

Capital Expenditure: Money spent to build or buy a new asset or to improve the standard of an existing asset.

Catchment: A specific geographic area within which services are provided (a water supply catchment for example).

Community: A network of people and organisations linked together by factors such as place (geographic community), common interest or identity (hapu, voluntary organisation) or administrative community (the District).

Community Grant: A sum of money (or goods and services provided in lieu of money) provided by Council or community boards to non-profit organisations within the District.

Community Outcomes: A set of aspirations that reflect the community's desires for economic, social, environmental, and cultural well-being.

Coromandel Peninsula Blueprint Project: A strategy and set of local blueprint plans which will define the Council's and Environment Waikato's approach to managing growth and planning for use, development and protection of resources in the Thames-Coromandel District.

Council Organisation: Any organisation in which Council owns or controls any proportion of voting rights or has the right to appoint one or more of the directors, trustees, etc.

Council Contract Standards: The standards defined in specific contracts for service delivery by contractors.

Council-Controlled Organisation (CCO): An organisation in which one or more local authorities owns or controls 50 percent or more of the voting rights or has the right to appoint 50 percent or more of the directors of the organisation. Thames-Coromandel District Council is one of 13 local authority shareholders in Local Authority Shared Services Limited, a Council-Controlled Organisation.

Appendix

Design Standards: Standards established by professional engineers responsible for the design of particular works or projects.

Differential (Rating): A technique used to 'differentiate' or change the relative rates between different categories of rateable land in order to adjust the rating burden on one or more groups of ratepayers.

Distribution of Benefits: The degree or scope to which a Council activity generates benefits to individuals, parts of the community or the District as a whole.

District Plan: A detailed plan of the way the District's environment will be managed to achieve the purpose and principles of the Resource Management Act 1991.

Equity: As a financial term, also known as net worth. The total value of assets less total liabilities.

Exacerbator Principles: The actions or inactions of individuals or groups that contribute to the need for Council to undertake or not undertake activities.

Funding Impact Statement: A document that includes information that discloses revenue and financing mechanisms and indicates the level or amount of funds to be produced by each mechanism.

GAAP: Generally Accepted Accounting Practice.

IFRS: International Financial Reporting Standards.

Investment Policy: A document that states Council's policies in respect to investments.

Levels of Service: The service parameters or requirements for a particular activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

Liability Management Policy: A document that states Council's policies concerning the management of both borrowing and other liabilities.

Local Authority: a regional, district or city council.

Long-Term Council Community Plan (LTCCP): A 10 year plan adopted every three years under section 93 of the Local Government Act 2002. It describes Council's activities, why it participates in these activities and how the activities will be funded. It includes information which is regarded as the Annual Plan for the first year to which it relates.

New Zealand Drinking Water Standards: Drinking water standards set by the Ministry of Health.

Operating Costs: Money spent to deliver a service, maintain an asset, or any other expenditure which does not buy, or build on, a new asset.

Period of Benefits: Time over which the benefit of engaging in a Council activity will occur. If required by statute, the activity's period of benefit may be ongoing as opposed to finite.

Revenue and Financing Policy: A comprehensive policy stating how each activity of Council is to be funded - from rates, user charges, subsidies, other income or a combination of these. It also includes details of the various rating mechanisms used by Council.

Significance: The degree of importance attached by Council to an issue, proposal, decision or other matter in terms of its likely impact on the well-being of the District.

Significant Decision: A Council decision that has a high degree of importance in terms of economic, social, environmental, or cultural wellbeing.

Special Consultative Procedure: A process required by the Local Government Act 2002. This sets out a series of steps that a local authority must take when consulting on certain types of decisions.

Statutory Requirements: Requirements identified and defined in law.

Sustainable: Meeting current needs without reducing the ability of future generations to meet their own needs. This includes social and economic needs as well as environmental ones.

Transit New Zealand Standards: Standards defined in the Transit New Zealand Act 1989 and found within Land Transport New Zealand guidelines.