

*Thames-Coromandel District Council*



*Long-term Council Community Plan*

*Volume 2*

2004-2014

**Photos Clockwise from center:**

Cathedral Cove *(courtesy of Tourism Coromandel)*

Residential development *(Thames-Coromandel District Council)*

Whangamata Wastewater Plant *(Thames-Coromandel District Council)*

Whangamata Beach New Years Day 2004 *(courtesy of the Waikato Times)*

Rubbish and recycling for Council collection *(Thames-Coromandel District Council)*

**The Thames-Coromandel District Council  
Long-Term Council Community Plan 2004-2014  
(Volume 1 and Volume 2)  
was adopted by Council  
on 30 June 2004**



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**Note:** Volume 1 and 2 of the Thames-Coromandel District Council Long-term Council Community Plan has been prepared in accordance with the provisions of section 83 of the Local Government Act 2002 (Special Consultative Procedure).

<sup>1</sup> **Note:** This document (Volume 2) forms part of the Thames-Coromandel District Council's Long-term Council Community Plan. Volume 1 is an overview document that contains information on the District and the people, community outcomes, Council activities and proposed projects as well as summary financial information on how Council plans to pay for future activities and projects.

## Revenue and Financing Policy

### INTRODUCTION

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*
    - (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.*

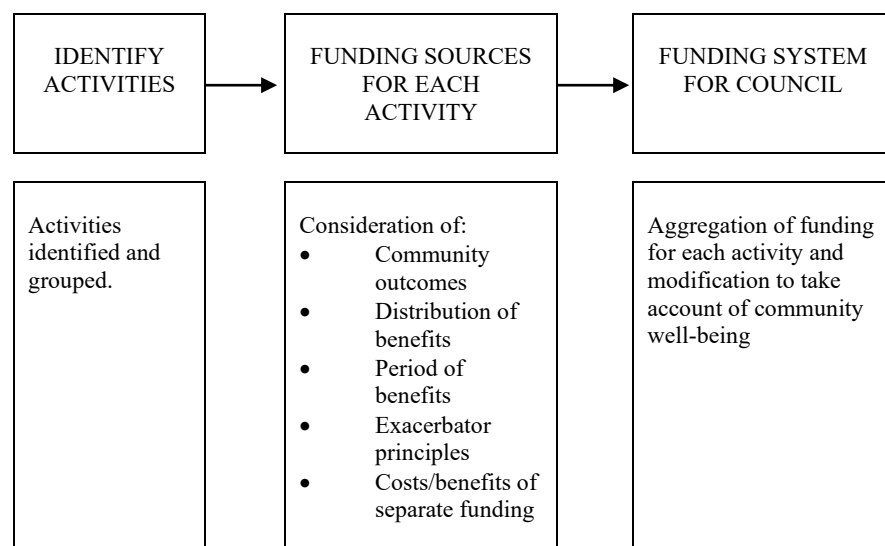
Implicit within the above provisions are three key steps to the development of a revenue and financing policy. These are:

- 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 32 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.

## SOURCES OF REVENUE

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 is not an exact match to a tax on wealth but is the closest proxy 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.
- 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.
- all rating units other than off-shore islands 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.

(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.

## FUNDING MECHANISMS

### Rating Mechanisms

The following is a summary of rating mechanisms selected by Council. Full details of how these rates are applied to individual rating units can be found in the Rating Policy section of the Long-term Council Community Plan. The activities funded by each rating mechanism can be found in the Funding Impacts Statement.

- General rates based on land value.
- Uniform annual general charge.
- Targeted rate for solid waste collection and recycling.
- Targeted rate for Pauanui transfer station loan.
- Targeted rate for Moanataiari flood protection.
- Targeted rate for Pitoone investigation area.
- Targeted rate for economic development.

- Targeted rates for land drainage.
- Targeted rates for local works and services.
- Targeted rates for wastewater.
- Targeted rates for wastewater loan charges
- Targeted rates for stormwater.
- Targeted rates for rural water.
- Targeted rate for urban water (not metered).
- Targeted rate for urban water (metered or partially metered).
- Targeted rate for water loan charges.
- Targeted rate for water supplied by volume.
- Targeted rate for roading and building consents and inspections.

### 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 LTCCP.

- 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

## Revenue and Financing Policy

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

## GROUPING OF ACTIVITIES

The following lists activities identified as being undertaken by Council, and their groupings which are subject to separate funding decisions. The groupings outlined are for financial reporting purposes and align with the LTCCP.

### Community Facilities

Airfields  
Cemeteries  
Halls  
Harbour Facilities  
Land and Buildings  
Libraries  
Parks and Reserves  
Public Conveniences  
Swimming Pools

### Community Leadership

Community Boards  
Council  
Economic Development  
Elections  
Social Development  
Strategic Planning & Development

## Managing the Environment

District Plan  
Hazards  
Resource Control

## Community Safety and Welfare

Building Control  
Emergency Management  
Community Health & Safety  
Land Information Memoranda

## Transportation

Community Roothing  
District Roothing

## Water and Waste

Land Drainage  
Solid Waste  
Stormwater  
Wastewater  
Water

## 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)).

Council considered these impacts, taking into account that a district-wide revaluation took place in the 2003/04 year, and using the budgets in the draft LTCCP.

The following is a summary of the considerations that Council undertook.

# 1. How do the new rating valuations affect the incidence of rating and funding decisions?

The following indicates the movement in values for rating purposes between 2003/04 and 2004/05.

|                                   | 2004<br>\$000's | %   | 2005<br>\$000's | %   |
|-----------------------------------|-----------------|-----|-----------------|-----|
| Rateable land value (by land use) |                 |     |                 |     |
| Farming and Rural                 | 507,130         | 17  | 828,337         | 15  |
| Industrial and Commercial         | 225,837         | 7   | 333,694         | 6   |
| Offshore Islands                  | 29,697          | 1   | 43,752          | 1   |
| Residential                       | 2,306,421       | 75  | 4,167,456       | 78  |
|                                   | 3,069,085       | 100 | 5,373,239       | 100 |

|  | 2004<br>\$000's | %   | 2005<br>\$000's | %   |
|--|-----------------|-----|-----------------|-----|
| Rateable land value (by Community Board) |                 |     |                 |     |
| Thames                                   | 417,117         | 14  | 559,797         | 10  |
| Coromandel/Colville                      | 296,535         | 10  | 488,418         | 9   |
| Mercury Bay                              | 1,113,117       | 36  | 2,101,553       | 39  |
| Tairua/Pauanui                           | 558,846         | 18  | 997,489         | 19  |
| Whangamata                               | 683,470         | 22  | 1,225,982       | 23  |
|  | 3,069,085       | 100 | 5,373,239       | 100 |

Looking firstly at land use, there has been a movement from rural to residential of 2% of total land value of the district. Given that part of the movement will have been caused by the subdivision of some rural land, this amount is not considered of sufficient significance for Council to intervene.

The second table shows the movement in land values between the various community boards.

The table below looks at the effects of these movements in values on district-wide property value-based rates. For the purpose of this exercise, the new capital value rate and economic development rate is included with the general rate, which is apportioned on the basis of land value, and a differential of 1.0 across all properties is used. All dollar figures are GST inclusive.

|                     | Old Land Values |           | New Land Values |           |
|---------------------|-----------------|-----------|-----------------|-----------|
|                     | %               | Rates     | \$              | Rates     |
| Thames              | 14              | 1,145,357 | 10              | 818,112   |
| Coromandel/Colville | 10              | 818,112   | 9               | 736,301   |
| Mercury Bay         | 36              | 2,945,205 | 39              | 3,190,638 |
| Tairua/Pauanui      | 18              | 1,472,602 | 19              | 1,554,414 |
| Whangamata          | 22              | 1,799,848 | 23              | 1,881,659 |
|                     | 100             | 8,181,124 | 100             | 8,181,124 |

This represents a shift of \$409,056 from west coast Boards to east coast Boards. In the context of total rates proposed of \$37.5m this represents a shift of 1.09% of rates which Council did not consider of sufficient significance to intervene.

The foregoing analysis looks at movements as a result of new values at a district level. Within each category, there will be major variations between individual properties. Some properties have not increased in value while others with a coastal influence have increased by up to 300%. This will impact heavily on those properties with substantial increases in both the general rate and the targeted rate for local works and services set as a rate in the dollar on land value.

This raises the question of the economic impact on those parts of the wider community that will be affected by the increase in rates and Council considered this impact.

In doing so though, it is important to remember that within a rating system which is a form of taxation, that property value is deemed to be a measure of ability to pay. This of course is not necessarily true.

In the past Council has singled out rural properties of over \$400,000 in value (and over 30 hectares) for relief from the local works and services rate. The rationale for this given in the then current policy is that “this reflects Council’s view that these properties have less opportunity to enjoy the public benefits funded through this rate”.

Given that this new policy closely follows the legislative requirements to identify beneficiaries and select the best tool to reflect the funding rather than taking a public good/private good approach, this rationale was no longer appropriate. This does not mean that Council should not continue to provide some relief for high-value properties on the basis that they are paying a disproportionate share of land value based rates. However, after considering the matter, Council decided not to provide relief by way of a differential.

### 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 moved towards establishing 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.



**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.

**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. In recognition of this, the draft Revenue and Financing Policy varies very little in this area from previous policies.

**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.

**6. Does the policy encourage the preservation of natural heritage?**

The draft 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.

**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/financial 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. 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 LTCCP budgets include the installation of meters in all Council-owned schemes over the term of the plan. Once these have been installed, it will be possible to price water at a level to encourage conservation if Council so wishes.

Land is also a scarce resource, especially along the coast-line. Recent property market activity resulting in soaring 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. In addition Council is also indicating a funding mechanism to assist in the development of the Te Kouma Regional Farm Park.

### 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 an enhanced 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.

### 10. Does the policy assist in economic growth?

For the first time, the policy includes a targeted rate for economic development to be assessed on the value of improvements of commercial/industrial, farming and rural, 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. Previous policies funded the promotion of tourism by using a differential on commercial/industrial properties only.

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.



**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. The most recent example is the investigation and monitoring of possible land instability at Cuvier Crescent.

Council is also aware of 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 considerable. To help mitigate this impact Council is working closely with Environment Waikato to try and source funds from central government and its various agencies. Nevertheless, the likely incidence of funding on properties will still be significant.

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.

**12. What are the economic predictions for the next two years?**

The present economy is buoyant with low inflation and low interest rates. The increasing value of the dollar is causing some concern to exporters. The most likely effect on the district is an easing off of overseas tourists as the NZ\$ becomes more expensive to buy, and perhaps a less active property market.

The property market is booming and building construction is at very high levels. Unemployment is low compared to recent years. Most commentators expect property/building to remain buoyant at least in 2004 but begin to ease off in 2005. Overall economic conditions at the moment are good and should assist in making rates more affordable for those not on fixed incomes.

**ACTIVITY ANALYSIS****AIRFIELDS****Community outcomes**

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

**Sustainable economic growth.**

Council operates 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 are moving to exit the operation of the Pauanui airfield but it will still have to carry some costs such as insurance. Because of the views and actions of the Thames Community Board, the activity is seen to possibly fit with the Council's outcome of sustainable economic growth.

**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.

*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 short term in Pauanui due to Council's policy to exit airfields, and only medium term in the case of Thames.

### 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 will happen in the case of Pauanui short-term and 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, the indicative funding tools to be used for operating expenses are:

|                                 |                 |            |   |
|---------------------------------|-----------------|------------|---|
| Fees and Charges                |                 | 40         | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| General rate                    | District        | 10         | % |
| Uniform annual general charge   | District        |            | % |
| Targeted rate – land value      | Board           | 50         | % |
| 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 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?*

#### **A healthy, safe and secure community.**

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. For these reasons, the activity is seen to contribute to the outcome of a safe and secure community.

### 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.

### 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. In addition to its statutory requirements, the Council believes that the provision of a dog control service is important in order to maintain its community outcome of having a healthy, safe and secure community. 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.

## Revenue and Financing Policy

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         | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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 CONSENTS AND INSPECTIONS

### Community outcomes

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

#### **A healthy, safe, and secure community.**

Council has a statutory obligation under the Building Act 1991 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 1991 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 contributes to the outcome of a healthy, safe, and secure community by ensuring 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?*

Plan appraisal may be completed by private building certifiers, but Council has the statutory obligation to issue consents. For this reason, although the activity may down-scale through competition, it will continue to operate as long as the obligation at law remains. Benefits will also continue to accrue to future owners and occupiers for as long as the building remains standing.

### 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 buildings certifiers can appraise plans, but they cannot issue consents. They can also undertake inspections and issue code compliance certificates. 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 1991 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 a “duty” building control officer. 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 and also by any independent building certifiers. If a value added service is not provided then there could be a loss of revenue through applicants accessing other suppliers of the services provided by Council.

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

|                                 |                 |            |   |
|---------------------------------|-----------------|------------|---|
| Fees and Charges                |                 | 70         | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| General rate                    | District        |            | % |
| Uniform annual general charge   | District        | 15         | % |
| Targeted rate – land value      |                 |            | % |
| Targeted rate – capital value   |                 | 15         | % |
| 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.



### CEMETERIES

#### Community outcomes

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

##### **A healthy, safe, and secure environment.**

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.

#### 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.

#### 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 to achieve its outcome of providing a healthy, safe, and secure community. 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         | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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?*

#### **A healthy, safe and secure community.**

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. This is seen to link most directly to the outcome of having a healthy, safe, and secure community.

### **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.

## Revenue and Financing Policy

### 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 2006.

### 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                |                 |            | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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?*

#### A healthy, safe, and secure community.

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. All these functions are seen to contribute towards a healthy, safe, and secure environment.



### 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 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:

## Revenue and Financing Policy

|                                 |                 |     |   |
|---------------------------------|-----------------|-----|---|
| Fees and Charges                |                 |     | % |
| <b>Rates:</b>                   | <b>Locality</b> |     |   |
| 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?*

**Sustainable economic growth.**

**A clean, unspoiled environment that all residents and visitors can take pleasure in.**

**A healthy, safe, and secure community.**

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, and maintenance of grass berms all contribute to a clean and unspoiled environment. Street lighting, street signage, footpaths, kerb and channel, butt seals, and safety improvements contribute to a safe and secure community. Service lanes and parking areas contribute to sustainable economic growth. So, this one activity contributes very much to three of Council's 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.

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

|                                 |                 |            |   |
|---------------------------------|-----------------|------------|---|
| Fees and Charges                |                 |            | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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 -                 |                 |            | % |
|                                 |                 | <u>100</u> | % |

### 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?*

#### A healthy, safe and secure community.

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 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. It would be true to say that Council itself contributes to all the desired community outcomes but the democratic process is seen to align mostly with the desire for a healthy, safe, and secure community.

### 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.

## Revenue and Financing Policy

*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                |                 |            | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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?*

**A clean, unspoiled environment that all residents and visitors can take pleasure in.**

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. In this way the activity contributes to the outcome of having a clean, unspoiled environment that all can take pleasure in.

### 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 therefore required 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)?*

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.

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

|                                 |                 |            |   |
|---------------------------------|-----------------|------------|---|
| Fees and Charges                |                 |            | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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 -                 |                 |            | % |
|                                 |                 | <u>100</u> | % |

### 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?*

##### **Sustainable economic growth.**

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 elsewhere in this document.

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 of sustainable economic growth. Without such a network, economic growth would be reduced.

#### 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 48% 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                |                 |            | % |
|---------------------------------|-----------------|------------|---|
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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?*

##### **Sustainable economic growth.**

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. This is in its infant stages as yet, but the role is expected to bring economic benefits to the district over time. The promotion of business within the district is seen to contribute towards Council's desired outcome of sustainable economic growth.

#### 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 there is no business development, community fulfilment and sustainability would only be obtained at a much higher cost than if the district was growing economically. 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 benefit from the activity. Promotion of the district need not only be focused on business, but 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 environment has caused 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 but would rather see the area stay much as it is.

#### 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 to 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 outcome of sustainable economic growth 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.

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

|                                       |                 |            |   |  |
|---------------------------------------|-----------------|------------|---|--|
| Fees and Charges                      |                 |            | % |  |
| <b>Rates:</b>                         | <b>Locality</b> |            |   |  |
| General rate                          | District        |            | % |  |
| Uniform annual general charge         | District        | 30         | % |  |
| Targeted rate – land value            |                 |            | % |  |
| Targeted rate – capital value         |                 |            | % |  |
| Targeted rate – fixed charge          |                 |            | % |  |
| Targeted rate – water by volume       |                 |            | % |  |
| Targeted rate - value of improvements |                 | 70         | % | 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?*

#### A healthy, safe, and secure community.

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, coast guard, and St John Ambulance groups. These requirements and commitments align closely to the Council's desired outcome of having a healthy, safe, and secure community.

### 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 the coast guard and 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. The St John Ambulance grants benefit residents and visitors to the Coromandel and Mercury Bay communities. With the exception of rural fires in some instances, it is mostly not practical to identify and charge the beneficiaries.

## Revenue and Financing Policy

*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 coast guard and 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.

### 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. However, as the St John Ambulance grants benefit only Coromandel and Mercury Bay, funding should come from those communities.

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

|                                 |                 | St John<br>Ambulance |    | Other<br>Emergency<br>Management |
|---------------------------------|-----------------|----------------------|----|----------------------------------|
| Fees and Charges                |                 | %                    |    | %                                |
| <b>Rates:</b>                   | <b>Locality</b> |                      |    |                                  |
| General rate                    | District        | %                    | 50 | %                                |
| Uniform annual general charge   | District        | %                    | 50 | %                                |
| Targeted rate – land value      | Board           | 50 %                 |    | %                                |
| Targeted rate – capital value   |                 | %                    |    | %                                |
| Targeted rate – fixed charge    | Board           | 50 %                 |    | %                                |
| Targeted rate – water by volume |                 | %                    |    | %                                |
| Targeted rate -                 |                 | %                    |    | %                                |
|                                 |                 | <u>100</u> %         |    | <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?*

#### **A healthy, safe, and secure community.**

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 an essential part of providing for the outcome of a healthy and secure 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.

## 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 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                |                 | 25         | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| General rate                    | District        |            | % |
| Uniform annual general charge   | District        |            | % |
| Targeted rate – land value      | Board           | 25         | % |
| Targeted rate – capital value   |                 |            | % |
| Targeted rate – fixed charge    | Board           | 50         | % |
| 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 using financial contributions if the hall is established or constructed on reserves land. Servicing of debt from rates is funded in the same manner as operating expenses.

## HARBOURS FACILITIES

### Community outcomes

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

#### **A healthy, safe, and secure community.**

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 and provides a valuable contribution to Council's outcome of having a healthy, safe and secure community.

### 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.

*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. Consequently, this 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?*

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 mussel line 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.

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

|                                 |                 |            |   |
|---------------------------------|-----------------|------------|---|
| Fees and Charges                |                 | 50         | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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 can be funded by financial/development contributions if erected on reserves, 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.

#### A healthy, safe, and secure community.

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 neighbourhoods have an image that will attract visitors and development, that Council sees this activity contributing to sustainable economic growth. In addition, protection against hazards also contributes to a safe and secure community, especially the overall strategic management of the activity.

### 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<br>Project |   | Other<br>Hazards<br>Projects |   | Strategic<br>Hazards<br>Management |   |
|---------------------------------|-----------------|------------------------|---|------------------------------|---|------------------------------------|---|
|                                 |                 | %                      |   | %                            |   | %                                  |   |
| Fees and Charges                |                 |                        |   |                              |   |                                    |   |
| <b>Rates:</b>                   | <b>Locality</b> |                        |   |                              |   |                                    |   |
| General rate                    | District        | 14                     | % | 10                           | % | 65                                 | % |
| Uniform annual general charge   | District        |                        | % |                              | % | 35                                 | % |
| Targeted rate – land value      | Board           | 42                     | % | 10                           | % |                                    | % |
| Targeted rate – capital value   |                 |                        | % |                              | % |                                    | % |
| Targeted rate – fixed charge    | Board (s/w)     | 33                     | % |                              | % |                                    | % |
| Targeted rate – water by volume |                 |                        | % |                              | % |                                    | % |
| Targeted rate - fixed charge    | Area of Benefit | 11                     | % | 80                           | % |                                    | % |
|                                 |                 | 100                    | % | 100                          | % | 100                                | % |

### 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?*

#### A healthy, safe, and secure environment.

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.

## Revenue and Financing Policy

This activity contributes considerably to Council's desired outcome of achieving a healthy environment for its residents by 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, 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. They are generally insufficient to recover the full cost of the activity. The costs associated with the enforcement of health requirements are not recoverable.



It is considered that all benefit equally and benefits do not relate to property values.

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

|                                 |                 |            |   |
|---------------------------------|-----------------|------------|---|
| Fees and Charges                |                 | 70         | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| General rate                    | District        |            | % |
| Uniform annual general charge   | District        | 30         | % |
| 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 relation to this activity.

## LAND AND BUILDINGS

### Community outcomes

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

#### Sustainable economic growth.

The 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.

*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.

## 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)?*

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        | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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.

## LAND DRAINAGE

### Community outcomes

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

**A clean, unspoiled environment that all residents and visitors can take pleasure in.**

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. Council sees the land drainage activity contributing to an unspoiled environment to be enjoyed by all.

### 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                |                 |            | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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         | % |
|                                 |                 | <u>100</u> | % |

### 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?*

**A healthy, safe and secure community.**

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 Council's desired outcome of having a healthy, safe and secure community, 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.

## Revenue and Financing Policy

*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.

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

|                                 |                 |            |   |
|---------------------------------|-----------------|------------|---|
| Fees and Charges                |                 | 100        | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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

There is no capital expenditure in this activity.

## LIBRARIES

### Community outcomes

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

#### A healthy, safe and secure community.

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)?*

Prior to the enactment of the Local Government Act 2002 (the Act), libraries were seen to be of benefit to their local communities. However, section 148 of the Act 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 inaction of the private sector 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 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 the community 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.



## Revenue and Financing Policy

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

|                                 |                 |            |   |
|---------------------------------|-----------------|------------|---|
| Fees and Charges                |                 | 10         | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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?*

#### A healthy, safe, and secure community.

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 alcohol in public places at certain places during certain times of the year, particularly holiday periods. In these respects, the activity fits nicely into Council's outcome of providing a healthy, safe, and secure environment.

### 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         | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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.

## MONITORING AND ENFORCEMENT

### Community outcomes

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

**A clean, unspoiled environment that all residents and visitors can take pleasure in.**

**A healthy, safe, and secure community.**

Council has a statutory obligation to respond to perceived breaches of land use rules, building control rules and generally act to maintain public health and safety. The obligations come from the Resource Management Act 1991, the Local Government Act 2002, the Building Act 1991, the Health Act 1956 and various bylaws and regulations. The main purpose of the monitoring activity is to ensure that the natural and built environment is safe, secure and does not impinge on Council's desired outcomes of achieving a clean and unspoiled environment for the benefit of all, and at the same time contribute towards a safe and secure community.

### Distribution of benefits

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

The activity does generate benefits to the whole community. It ensures the District Plan is adhered to, that buildings are not constructed without consents, and the health and welfare aspects of the residents and ratepayers are cared for. This is seen to benefit the whole community. It is interesting that while the public generally expects Council to provide this type of policing activity, it is rarely seen as good public relations when success is achieved by any means other than negotiation.

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

Generally the activity benefits the whole district but there are times when a particular unacceptable practice by someone will benefit a smaller section of the community, perhaps a small settlement, or a street. However, it is not practical to identify, or indeed, endeavour to charge such sub-groups.

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

At times the activity definitely benefits an individual, but because the benefit is achieved by correcting the actions of a third party, it is not considered appropriate to charge the individual beneficiary, but rather the offending individual. This is rarely possible even when the matter ends up in the Courts as any costs awarded inevitably fall below the cost of taking action.

Quite frequently, Council fields complaints from individuals about another person or persons, and upon investigation, the matter turns out to be a neighbour dispute or similar issue. In these cases Council officers endeavour to extricate themselves from the situation, but often not until considerable time has been spent investigating.

### **Period of benefits**

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

Council is committed to ensuring that residents and visitors alike, adhere to the various statutory requirements and bylaws of the district. It also considers the District Plan should be upheld and for these reasons, the benefits from the 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?*

It is nearly always the actions of particular individuals or groups of individuals that requires this activity to be undertaken. If everyone observed the “rules” of our district, there would be no need for an enforcement activity and very little requirement to undertake monitoring.

### **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 monitoring and enforcement role of Council is not a “nice” activity to be involved in. It tends to have a low profile other than with persons directly affected by the need for Council to take action. It is an activity for which it is difficult to budget as the level of activity from one year to the next is difficult to estimate. Costs can often exceed budgets particularly where it becomes necessary to obtain large amounts of legal advice. For these reasons, it is important to fund, monitoring and enforcement as a separate activity in the interests of transparency and accountability. Although for funding purposes, this activity is treated separately, it does form part of three individual budgets; building control, resource control, and environmental and community health, but the overall funding policy will apply in each case.

### **Funding decision - operating expenses**

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

Sometimes it is possible to recover some costs from the exacerbator, either through the Courts, or by billing directly. It is also sometimes possible to recover charges from a complainant when an issues turns out to be one that Council should not be involved in. In either case, recoveries are negligible.

*Are there other considerations to be taken into account?*

Most residents and ratepayers expect Council to monitor the rules and regulations pertaining to the district and expect appropriate action to be taken where necessary. As recovery from individuals is extremely difficult, there is little choice 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                |                 | 5          | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| General rate                    | District        | 30         | % |
| Uniform annual general charge   | District        | 65         | % |
| 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 required in this activity.

## PARKS AND RESERVES

### Community outcomes

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

#### A healthy, safe, and secure community.

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. 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 demand for other facilities around the peninsula, especially for areas like playgrounds, sports fields, barbecue and picnic sites and the like.

### 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 outcome of achieving a healthy, safe, and secure community and thus funds the activity separately in the interest 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?*

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.

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                |                 | 7          | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| General rate                    | District        |            | % |
| Uniform annual general charge   | District        |            | % |
| Targeted rate – land value      | Board           | 64         | % |
| Targeted rate – capital value   |                 |            | % |
| Targeted rate – fixed charge    | Board           | 29         | % |
| 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?*

**A clean, unspoiled environment that all residents and visitors can take pleasure in.**

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.

## Revenue and Financing Policy

*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> | % |

### 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 CONSENTS

### Community outcomes

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

**A clean, unspoiled environment that all residents and visitors can take pleasure in.**

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 Hearings 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. In a controlled way it works towards achieving Council’s stated outcome of the district being a clean and unspoiled environment for the pleasure of all persons.

### 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. 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.

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

|                                 |                 |            |   |
|---------------------------------|-----------------|------------|---|
| Fees and Charges                |                 | 50         | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| General rate                    | District        | 40         | % |
| 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> | % |

## Revenue and Financing Policy

### 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?*

#### A healthy, safe, and secure community.

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 groups. Whether grants or remissions, payments are made in accordance with Council policy. By making grants and providing remissions, Council believes it is supporting the outcome of a healthy, safe and secure community by assisting organisations that contribute to the well being of the community.

### 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 and Keep New Zealand Beautiful.

*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                |                 | %            | %            |
| <b>Rates:</b>                   | <b>Locality</b> |              |              |
| 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?*

**A clean, unspoiled environment that all residents and visitors can take pleasure in.**

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 primary outcome of a clean and unspoiled environment.

### 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.

### 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.

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 is currently under development. 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   |   | Boards     |   |
|---------------------------------|-----------------|------------|---|------------|---|
| Fees and Charges                |                 | 43         | % |            | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |            |   |
| General rate                    | District        | 24         | % |            | % |
| 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 | 34         | % | 100        | % |
|                                 |                 | <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?*

**A clean, unspoiled environment that all residents and visitors can take pleasure in.**

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, thus contributing to the outcome of a clean unspoiled environment.

### 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 that 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.

### 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.

## Revenue and Financing Policy

*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                |                 |            | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| 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> | % |

### 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/financial contributions.

Funding the capacity needed for existing users, as distinct from future users, will be met from development/financial contributions if appropriate, 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?*

#### A healthy, safe, and secure community.

Council is required to develop a number of high-level planning documents of a strategic nature. These include community plans, a Long-term Council Community Plan at least every three years, and an Annual Plan in the intervening years. In addition, from time to time, special organisational development requirements become apparent such extending the resources available to Council to manage the implementation of new legislation. These may be of a "one off" nature initially and later be incorporated into organisational management administration budgets. The whole question of strategic planning and development to ensure Council keeps up with legislative requirements and implement best practice is seen to be of paramount importance in the democratic process and therefore helps to contribute to the desired outcome of having a safe and secure community.

### Distribution of benefits

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

Strategic planning and development contributes to the overall benefit of the district-wide community. By ensuring this Council not only complies with legislation, but is among leaders in local authority nationally, brings the best of national experience to benefit all ratepayers and residents.



*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 planning and developing strategically, 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 patently 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 |
|---------------------------------|-----------------|-----------------|-----------------|
|                                 |                 | %               | %               |
| <b>Fees and Charges</b>         |                 |                 |                 |
| <b>Rates:</b>                   | <b>Locality</b> |                 |                 |
| 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

There is no capital expenditure involved in this activity.

### SWIMMING POOLS

#### Community outcomes

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

##### **A healthy, safe, and secure community.**

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 the physical health of residents and visitors alike.

#### 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 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-desired 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                |                 | 35         | % |
| <b>Rates:</b>                   | <b>Locality</b> |            |   |
| General rate                    | District        |            | % |
| Uniform annual general charge   | District        |            | % |
| Targeted rate – land value      | Board           | 25         | % |
| Targeted rate – capital value   |                 |            | % |
| Targeted rate – fixed charge    | Board           | 40         | % |
| 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?*

**A clean, unspoiled environment that all residents and visitors can take pleasure in.**

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 outcome of a clean and unspoiled environment.

### 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.

*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.

## Revenue and Financing Policy

*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.

### 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?*

Currently there are no external sources of funds to subsidise wastewater services. 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.

*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                |                 | %                   |
| <b>Rates:</b>                   | <b>Locality</b> |                     |
| 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 | $\frac{100}{100}$ % |

### 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/financial contributions.

Funding the capacity needed for existing users, as distinct from future users, will be met from development/financial contributions if appropriate, 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?*

#### A healthy, safe, and secure community.

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 and safe 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

*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.

### Funding decision - operating expenses

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

Currently there are no external sources of funds to subsidise water services. 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                |                 | %            |
| <b>Rates:</b>                   | <b>Locality</b> |              |
| 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 | 100 %        |
|                                 |                 | <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/financial contributions.

Funding the capacity needed for existing users, as distinct from future users, will be met from development/financial contributions if appropriate, 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. 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 2004.

### 5. 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 two 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 6.

## 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 at margins and costs favourable to Council.
- Avoid adverse interest rate related increases to rates and maintain overall interest costs within budgets.

- Maintain professional relationships with Council’s bankers, the financial markets, and other stakeholders.
- Provide timely and accurate reporting of treasury activity and performance.

**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.

**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.

## Liability Management Policy

- 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).

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 8 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 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.
- Council's overall debt maturity profile, to ensure maturity mismatches and concentration of debt levels are avoided.

- Available terms from bank and 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 high percentage of fixed rate or hedged borrowing. Notwithstanding the above, it may be appropriate from time to time, depending on the 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 180 days).

Interest rate risk management objectives are reflected in the table below and outline the minimum fixed or hedged rate requirements allocated into various time bands. The table also outlines the Chief Executive's discretions to meet this fixed or hedged rate requirement.

## Liability Management Policy

| Period of actual and planned forecast external debt | Fixed or Hedged Rate Exposure (within CE <sup>1</sup> discretion) |         |
|---|---|---------|
|   | Minimum   | Maximum |
| 0-1 year  | 80%   | 100%    |
| 1-3 years   | 60%   | 80%     |
| 3-5 years   | 30%   | 50%     |
| 5-10 years  | 10%   | 30%     |

The implementation of the hedging framework assumes dealing lines are available from Council's dealing banks.

Risk management activity beyond the Chief Executive's discretionary authority requires Council approval.

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.
- Using interest rate risk management instruments to hedge repricing risk on existing fixed rate debt and issue yield on planned new borrowing.

The use of interest rate risk management instruments is approved by Council as part of this policy.

<sup>1</sup> Chief Executive.

Interest rate risk management instruments approved for use, consistent with the policy contained in Section 7.6 are:

- Fixing through physical borrowing instruments – eg loan stock, debentures, bank term loan.
- Floating through physical borrowing instruments – eg floating rate stock, and bank borrowing.
- Forward rate agreements including bond FRAs.
- Interest rate swaps.
- Purchase of interest rate options products including caps, floors and bond options.
- Interest rate collar type option strategies (one for one basis only).

Definitions for interest rate risk management mechanisms are set out in section 8 of this policy.

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.
- 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 debt maturity is spread widely over a band of maturities.

Specifically, Council manages this by ensuring that:

- No more than 33% of total external debt, or \$15 million, (whichever is the higher) is subject to refinancing in any financial year.

Total debt in this context includes existing as well as planned external debt.

## 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.

## 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 was incurred. These repayments are met from rates revenue or financial reserves. Council will 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):

## Liability Management Policy

- Total interest expense (after interest rate risk management costs/benefits) on total debt will not exceed 15% of annual rates.
- Total interest expense (after interest rate risk management costs/benefits) on total debt will not exceed 10% of total operating revenue.
- A liquidity ratio of the sum of cash and marketable securities to current liabilities will not fall below 1:1.
- Total debt per rating unit will not exceed \$3,200

Definitions of the above limits can be found in Section 8 of this policy.

### 7.11 The Giving of Securities (Section 104(f) of the Act)

Council may secure its borrowing 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.

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.<sup>2</sup>

Any prospectus, loan and incidental arrangement document will contain a statement that the loan or incidental arrangement is not guaranteed by the Crown.<sup>3</sup>

### 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.

<sup>2</sup> Part 6(4), section 116 of the Act

<sup>3</sup> Part 6(4), section 122 of the Act

- 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.

## 9.0 Definitions

Definitions are also included in Part 6(4) section 112 of the Act.

### 9.1 Borrowing Instrument Definitions

#### 9.1.1 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 endorsers 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.

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 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.

## Liability Management Policy

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.

### 9.1.2 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.

### 9.1.3 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.

## 9.2 Borrowing Limits Definitions

Limits include both internal and external debt amounts.

**9.2.1** Total interest expense to total rates. Total annual rates include general rate, uniform annual general charge, and targeted rates, but not lump sum payments.

**9.2.2** Total interest expense to total revenue. Total revenue includes rates, user charges and fees, subsidies, miscellaneous operating revenue, interest, dividends and cash subdivision contributions.

**9.2.3** 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".

### **9.3 Interest Rate Risk Management Instruments and Terms**

#### **9.3.1 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.

#### **9.3.2 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.

#### **9.3.3 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.

#### **9.3.4 Interest Rate Collar Strategy**

The combined purchase (or sale) of a cap or floor with the sale (or purchase) of another floor or cap.

#### **9.3.5 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 dates and the benchmark rate (usually BKBM). Interest rate option products include caps, floors and bond options.

#### **9.3.6 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.

#### **9.3.7 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.

#### **9.3.8 Negotiable**

These instruments are able to be bought and sold prior to their legal maturity date.





## 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 –*

- (g) the objectives in terms of which financial and equity investments are to be managed; and the mix of investments; and*
- (h) the mix of investments; and*
- (i) the acquisition of new investments; and*
- (j) an outline of the procedures by which investments are managed and reported on to the local authority; and*
- (k) 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. 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 2004.

### 5. 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.

## 6. Measurement and Review

The Policy will be reviewed within two 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.

## 7. Policy Statements

### 7.1 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.
- 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.

#### 7.1.1 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.

Council holds a small equity investment in New Zealand Local Government Insurance Corporation Limited. Council intends to divest of this equity investment at an appropriate time. Any disposition of this investment requires Council approval.

#### 7.1.2 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.

### 7.1.3 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.

### 7.1.4 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.<sup>1</sup>

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.

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. 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.

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<sup>1</sup> A strongly rated counterparty is defined in section 7.2.1.

## 7.2 Mix of Investments (Section 105(b) of the Act)

Council invests in the following mix of investments that include:

- Equity investments (refer Section 7.1.1)
- Property investments (refer Section 7.1.2)
- Loans and advances (including internal borrowing) (refer Section 7.1.3)
- Financial investments

Financial investments are managed within the limits outlined in 7.2.1. Typical financial investments include;

- Government investments
- Registered bank investments
- Local authority investments
- State Owned Enterprises investments (SOE)
- Approved corporate investments

For further information and definitions see Section 8 of this policy.

**7.2.1** 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.
- 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                                  | 60%                     |
| - Off balance sheet exposures  | A1                                   | A+                                  | \$8 million                                  |                         |
| Local authorities & other institutions with the ability to levy rates or taxes (on balance-sheet exposures only) | A1                                   | A+                                  | \$5 million (rated)<br>\$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.

Exposures to each counterparty are computed as follows:

### *On-balance sheet*

- Total amounts invested with that counterparty

### *Off-balance sheet (see Section 8 of this policy).*

- Credit exposure on interest rate contracts computed by multiplying face value of outstanding transactions by an interest rate movement factor of 1% per annum.

### 7.3 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 7.2) and within the counterparty limits as outlined in 7.2.1.

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.

### 7.4 Procedures for Management and Reporting (Section 105(d) of the Act)

#### 7.4.1 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 7.2.1.
- 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 7.4.5.

#### 7.4.2 Foreign Exchange

Council 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.

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

#### 7.4.3 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.

#### 7.4.4 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:
  - 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.

## Investment Policy

### *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.

### 7.4.5 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<br>Chief Executive  |
| Monthly treasury Report       | Monthly                                | Management Accountant | Finance Manager<br>Group Manager Support Services<br>Chief Executive<br>Council |
| Treasury strategy Paper       | 6-monthly or as required               | Finance Manager       | Group Manager Support Services<br>Chief Executive Council                       |
| Cashflow report               | Annually with the annual plan          | Financial Accountant  | Finance Manager Council   |

### 7.5 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.

## **8.0 Definitions**

### **8.1 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.

#### **8.1.1 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.

### **8.1.2 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.

### **8.1.3 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.

### 8.1.4 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.

## 8.2 Interest Rate Risk Management Instruments and Terms (From an Investors Perspective)

### 8.2.1 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.

### 8.2.2 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 and time and at an agreed rate.

### 8.2.3 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.

### 8.2.4 Interest Rate Collar Strategy

The combined purchase (or sale) of a cap or floor with the sale (or purchase) of another floor or cap. See Section 8.2.5 for definitions on options.

### 8.2.5 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 dates and the benchmark rate (usually BKBM). Interest rate option products include caps, floors and bond options.

### 8.2.6 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.

#### **8.2.7 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.

#### **8.2.8 Negotiable**

These instruments can be bought and sold prior to their legal maturity date.





## Rating Policy

### 1. Background

Why a New Act?

The Local Government (Rating) Act 2002 (LG(R)A) was passed into law on 30 March 2002. It replaced the Rating Powers Act 1988 (RPA) as the statutory basis for most revenue in local government.

#### **Purpose of the Act**

The purpose of the LG(R)A is to promote the purposes of local government set out in the Local Government Act 2002 by:

- providing local authorities with flexible powers to set, assess, and collect rates to fund local government activities
- ensuring that rates are set in accordance with decisions that are made in a transparent and consultative manner
- providing for processes and information to enable ratepayers to identify and understand their liability for rates.

#### **Rating Units**

A rating unit is the thing that actually attracts liability for rates. It is, broadly speaking, the equivalent of the term “separate property” in the RPA.

The term rating unit is defined in the Rating Valuations Act 1998 (RVA), and responsibility for ensuring that local authorities adhere to this definition in preparing their rating information databases rests with the Valuer-General.

In determining whether or not a particular block of land is a rating unit the main criterion is the existence of a separate certificate of title (or some other equivalent instrument under land law such as a unit title).

Land that does not have a separate certificate of title may be defined as a rating unit if:

- it is capable of separate definition i.e. has a finite beginning and end; and/or
- it can be sold or transferred; and/or
- there is no larger or prior estate in the land.

The Valuer-General may make rules which clarify how these criteria apply to various types of property, and thus whether or not they are a rating unit. For example, the Valuer-General holds that these criteria apply to the distribution networks of utility companies thus property such as a phone line or a gas pipe is a rating unit.

#### **Owner Liability**

Under the LG(R)A the owner is the person who is primarily liable for the rates. This is consistent with the concept of ownership at the heart of the definition of a rating unit.

There are certain exceptions to this rule where there are contracts in place (such as leases) that do not allow the owners to renegotiate rents to reflect the fact that they are liable for rates. There are also exceptions for some Maori freehold land.

#### **Non-rateable Land**

The LG(R)A rolls over most of the categories of non-rateable land that are in the RPA. However, most of the exemptions have been redrafted so that they are expressed in terms of use rather than ownership.

The following is a (greatly simplified) list of categories of land which are non-rateable:

- **conservation land** (such as National Parks, wildlife refuges, the bed of the territorial sea and any navigable lake or river where that land is vested in the Crown). However, land that is used primarily for private or commercial purposes under a lease, licence or other agreement is not exempt rates. This also applies to land owned by an association which is open to the public and not used for private/commercial purposes.
- **heritage land** (land owned and used by any of the Historic Places Trust, the QE2 Trust, Te Papa, Health Camps and the Foundation for the Blind). The land has to be both owned and used by these organisations; for example land that is owned by one of these organisations and leased to someone else is fully rateable.
- **local authority land** used as a public garden, reserve, playground, hall, library, athenaeum, museum, art gallery, pool, water closets, or for soil conservation or river control, games and sports.
- **education land** (including schools of whatever type and whatever ownership; early childhood centres, polytechnics, teachers colleges, universities and wananga). School houses are also non-rateable if the house is used by a principal, caretaker or teacher, and the house is let at a discounted rent.
- **District Health Board land** used to provide health or health related services (including living accommodation).
- **institutions used as a place of religious worship.**
- **cemeteries and crematoria** less than 2.0 hectares in area (except those conducted for profit).
- **Maori customary land**, urupa, anything used as Marae or meeting house and does not exceed 2.0 hectares in area.
- **roads** (where they are owned by the Crown or a local authority).
- **airports** where the land is owned by the Crown or an airport authority and used as the runway or for the loading and unloading of goods and passengers.

- **wharves.**
- **machinery.**
- **railways** – regardless of ownership.
- **charitable institutions** – “land used or occupied by, or for the purposes of any institution that is for the free maintenance or relief of persons in need” and that does not exceed 1.5 hectares in area.

Even these rating units are not truly non-rateable as this land is liable for any targeted rates set for wastewater disposal, water supply and solid waste collection and recycling.

### 50% Rateable Land

The LG(R)A also creates a special category of rating units that are 50 percent non-rateable. These units are liable for targeted rates made for wastewater disposal, water supply and solid waste collection and recycling. The types of rating unit that fall into this category include:

- land owned or used by a society incorporated under the Agricultural and Pastoral Societies Act 1908 and used as a showgrounds or as a place of meeting
- land owned or used by a society or association of persons (whether incorporated or not) for games or sports except for galloping, harness or horse racing
- land owned or used by a society or association or persons (whether incorporated or not) for any branch of the arts.

As with non-rateable land, the 50% rateable category is still liable for full targeted rates set for wastewater disposal, water supply and solid waste collection and recycling.

Any of this land that is subject to a club licence is fully rateable.

### 2. Issues

A number of new policy issues arose from the LG(R)A as well as the need to revise existing policies in light of the changes signalled in the legislation.

Specific policies Council has needed to consider include:

- remission of rates
- postponement of rates
- relief on Maori freehold land
- payment of rates for subsequent financial year (lump sum payments)
- early payment of rates (discounts)
- water charged by volume (metered)
- separately used or inhabited parts of a rating unit
- funding tools (kinds of rates)

At the same time as considering the above, it was deemed prudent to reconsider other policies in place so that Council undertook a complete consideration of all matters pertaining to rates.

These included:

- instalment options
- basis of rateable value
- differentials
- penalties
- payment options
- collection of small amounts
- collection of overdue rates
- administrative matters such as the form objections to information contained in the rating information database should be received.

All these policy issues were considered by Council over a period of several months from a number of papers presented by staff.

Some issues considered did not result in policy being developed. For example, Council specifically looked at whether or not it should accept payment for rates by credit card. It decided not to, and this option is excluded in the policy statement on payment options (see policy statement 7.8).

Other matters considered were:

- special rateable values

The LG(R)A repeals the previous provisions for special rateable values as defined in the RPA. Section 142 has a transitional provision which allows them to stay on the District Valuation Roll (DVR) and be used for rating purposes until the first general revaluation of the land takes place.

This means that for the 2003/04 rating year they remained but for the rating year commencing 1 July 2004, they will no longer appear on the DVR.

Council considered adopting a remission policy to provide the same relief as the special rateable values has done in the past but declined to do so.

- discount for early payment of rates

The LG(R)A provides Council with the ability to offer a discount for the early payment of rates (section 55).

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.

- remission for rating units in common ownership

Council considered the matter of providing some relief to ratepayers who owned several rating units that did not fall within the definition set out in section 20 of the LG(R)A.

Council declined to set such relief in place except for the relief provided to subdividers which was further modified to limit the relief to a maximum of two years (see remission policy for new residential subdivisions).

### 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 2004.

### 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 that Council has been able to identify have been, and were, communicated with and encouraged to submit to Council through the annual plan special consultative procedure in 2003 so that Councillors were made aware of issues that have been inadvertently missed, or are considered of higher importance by ratepayers than Council assumed.

#### 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.

This risk is managed by allowing for an appeal process to the Policy and Planning 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 second LTCCP due for adoption by 30 June 2006.

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.

Other policies are reported through the annual plan and annual report, particularly in relation to any variations from the policies.

### 7. Policy Statements

Note: All section references are to be Local Government (Rating) Act 2002 unless otherwise stated.

#### KINDS OF RATES TO BE SET

#### 7.1 General Rate, Rateable Value and Categories for Differentials

##### Background

Council's Revenue and Financing Policy indicates that certain district activities will be funded by a district general rate based on land value.

The existing system of land use for differentials for the general rate is also retained.

### Objective

To enable Council to set a district general rate in accordance with principles laid down in the Revenue and Financing Policy.

### Policy Statement

The district general rate is to be set on the land value of every rateable unit in the District. It will be set on a differential basis using the following categories of land use:

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

The district general rate is used to fund activities as set out in Council's Revenue and Financing Policy.

### Definitions

#### Farming and Rural means:

- all property that is used for agricultural or horticultural or pastoral purposes by a ratepayer whose 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 Industrial and Commercial, and Commercial Forestry
- vacant idle land, being property zoned as 'Rural' or 'Coastal' within any operative district scheme for the time being in force in the Thames-Coromandel District.

#### Industrial and Commercial means:

- all property that is used for commercial and/or industrial purposes other than property defined as Farming and Rural and 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 Rural and Commercial Forestry or not expressly listed under Industrial and Commercial, where activity is carried out for private pecuniary profit
- vacant or idle land, being property zoned as 'Town Centre', 'Gateway Zone', 'Pedestrian Core', 'General Activities' within any operative district scheme 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 purpose or purposes, except for those properties which are expressly defined under Industrial and Commercial.

#### 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 Rural 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 scheme 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.

Statutory References: Sections 13(2)(b) and (3)(a)(iii) and section 14

Basis of calculation: 13(2)(b) and (3)(a)(iii)

## 7.2 Uniform Annual General Charge

### Objective

To enable Council to set a district-wide uniform annual general charge in accordance with principles laid down in the Revenue and Financing 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 in Council's Revenue and Financing Policy.

(For Council's policy statement on "separately used or inhabited parts of a rating unit", refer to 7.5).

Statutory References: Section 15(1)(b)

Basis of calculation: section 15(1)(b)

## 7.3 Targeted Rates, Rateable Value and Categories for Differentials

### Objective

To enable Council to set targeted rates in accordance with principles laid down in the Revenue and Financing Policy.

### 7.3.1 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.

(For Council's policy statement on "separately used or inhabited parts of a rating unit", refer to 7.5).

Statutory References: Section 16(3)(b) and (4)(b)

Schedule 2 category : 6

Basis of calculation: Schedule 3 factor 7

### 7.3.2 Targeted Rate for Pauanui Transfer Station Loan

#### Background

The construction of the Pauanui refuse transfer station was completed in the 1998/1999 year. A loan was raised to finance much of the work. This loan is budgeted to be repaid by the 2007/08 year. An annual loan charge is required against rating units in the Pauanui rating area to service the loan.

The Pauanui rating area is all the land contained in District Valuation Roll numbers: 04991; 04992; 04993.

#### Policy Statement

A targeted rate for the Pauanui refuse transfer station loan is to be set as a fixed charge on every rating unit in the Pauanui rating area being roll numbers 04991, 04992, 04993.

Statutory References: Section 16(3)(b) and (4)(a)

Schedule 2 category : 6

Basis of calculation: section 18(2)

### 7.3.3 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.

Statutory References: Section 16(3)(b) and (4)(a); section 145

Schedule 2 category : 6

Basis of calculation: section 18(2)

### 7.3.4 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 63 rating units.

Council is undertaking appraisals and investigations, and ongoing monitoring of the area to determine the extent of any instability. Council's Revenue and Financing Policy indicates that 80% of these costs should be born by ratepayers in the defined area.

**Policy Statement**

A targeted rate for the appraisal, investigation, and monitoring of affected properties within the defined Pitoone Investigation Area is to be set as a fixed charge on every rating unit in that area.

Statutory References: Section 16(3)(b) and (4)(a)

Schedule 2 category : 6

Basis of calculation: section 18(2)

**7.3.5 Targeted Rates for Land Drainage****Background**

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

Council's Revenue and Financing Policy indicates 80% of the cost of these schemes should be funded by the areas benefiting from the funds expended and is to be by way of a rate on land value.

**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

Statutory References: Section 16(3)(b) and (4)(a)

Schedule 2 category : 6

Basis of calculation: Schedule 3 factor 3

**7.3.6 Targeted Rates for Local Works and Services****Background**

Council's Revenue and Financing 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 Rural
- b) Industrial and Commercial
- c) Commercial Forestry
- d) Residential
- e) Off-shore Islands (used)
- f) Off-shore Island (unused)

(For the definition of these categories, see Council's policy statement 7.1)

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Statutory References (fixed amount): Section 16(3)(b) and (4)(b)  
Schedule 2 categories : 1 and 6  
Basis of calculation: Schedule 3 factor 7, section 18(2)

Statutory References (rate in the dollar): Section 16(3)(b) and (4)(b)  
Schedule 2 categories : 1, 4, 6, 9  
Basis of calculation: Schedule 3 factor 3

### 7.3.7 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 to be managed through remission policy (see policy statement 7.17).

#### 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.

Where urinettes are installed in commercial rating units, two urinettes (or part thereof) will be classed as one urinal.

(For Council’s policy statement on “separately used or inhabited parts of a rating unit”, refer to 7.5).

Statutory References: Section 16(3)(b) and (4)(b)  
Schedule 2 categories : 1 and 5  
Basis of calculation: Schedule 3 factors 7 and 12

### 7.3.8 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.

Statutory References: Section 16(3)(b) and (4)(a); section 145  
Schedule 2 categories : 5 and 6  
Basis of calculation: section 18(2)

### 7.3.9 Targeted Rates for Wastewater Loan Charges Cooks Beach Existing Users

#### Background

Council’s Revenue and Financing 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.

(For Council's policy statement on "separately used or inhabited parts of a rating unit", refer to 7.5)

Statutory References: Section 16(3)(b) and (4)(b)

Schedule 2 categories : 1, 5, 6

Basis of calculation: Schedule 3, factors 7 and 12

## **7.3.10 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

Statutory References: Section 16(3)(b) and (4)(a)

Schedule 2 categories : 6

Basis of calculation: section 18(2)

## **7.3.11 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.

Statutory References: Section 16(3)(b) and (4)(b)  
Schedule 2 categories : 1, 4, 5, 6  
Basis of calculation: Schedule 3, factors 5 and 9

### 7.3.12 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.

(For Council's policy statement on "separately used or inhabited parts of a rating unit", refer to 7.5).

Statutory References: Section 16(3)(b) and (4)(b)  
Schedule 2 categories : 5 and 6  
Basis of calculation: Schedule 3, factor 7

### 7.3.13 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).

(For Council's policy statement on "separately used or inhabited parts of a rating unit", refer to 7.5).

Statutory References: Section 16(3)(b) and (4)(b); section 19(2)(a)  
Schedule 2 categories : 5 and 6  
Basis of calculation: Schedule 3, factors 7 and 8; section 19(2)(a)



### 7.3.14 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.

Statutory References: Section 16(3)(b) and (4)(a)

Schedule 2 categories : 5 and 6

Basis of calculation: section 18(2)

### 7.3.15 Targeted Rate for Economic Development

#### Background

Council's Revenue and Financing Policy provides for 70% 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 differentially classified 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, and farming/rural, in Council's rating information database.

Statutory References: Section 16(3)(b) and 4(a)

Schedule 2 Category: 1

Basis of calculation: Schedule 3, factor 4

### 7.3.16 Targeted Rate for Roading and Building Control

#### Background

Council's Revenue and Financing 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 in accordance with Council's Revenue and Financing Policy.

Statutory Reference: Section 16(3)(a)

Basis of calculation: Schedule 3, factor 2

### 7.4 Targeted Rates for Water Supplied by Volume

#### Background

Under the LG(R)A, water-by-meter is another targeted rate (Section 19). Council has determined that in the main, the same policy should apply to targeted rates for water-by-meter 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

## Rating Policy

- 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 |

### 7.5 Separately Used or Inhabited Parts of a Rating Unit

#### Background

Under the LG(R)A 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); 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) 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'.

### 7.6 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 (LTCCP).

## Rating Policy

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.

### 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 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.

## Rating Policy

- (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 LTCCP 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.
- (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.

## 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.

## 7.7 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 |

Statutory References: Section 24

## 7.8 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.

## Rating Policy

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

Statutory References: Section 52

### 7.9 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.

Statutory References: Sections 57 and 58

### 7.10 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.

Statutory References: Section 54

### 7.11 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 LG(R)A. 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 LG(R)A.

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 is to be referred to Council's debt collecting agency to pursue collection under sections 63 to 84 of the LG(R)A.

Statutory References: Sections 61 to 84

## ADMINISTRATION

### Objective

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

## 7.12 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

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

## 7.14 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.

## RATES RELIEF

### Background

Council has traditionally operated a policy for rates relief. The policy underwent a comprehensive review as a result of the Local Government (Rating) Act 2002, and redeveloped in accordance with sections 108, 109 and 110 of the Local Government Act 2002.

The rates relief policy is divided into three separate sections:

- a) remission
- b) postponement
- c) relief on Maori freehold land (remission and postponement).

In each of these areas, Council has considered comprehensive issues papers and arrived at the following policies (7.16, 7.17, 7.18 and 7.19) after taking into account all the requirements of both the Local Government (Rating) Act 2002 and the Local Government Act 2002.

The policy for relief on Maori freehold land was developed using informal consultation with local iwi prior to Council adopting the policy for public consultation.

Each policy statement includes the conditions and criteria for relief in accordance with the requirements of statute. Each is preceded by an objective for the particular policy statement.

Because of the special statutory requirements in considering policy on Maori freehold land, full policy statements, including background material, are reproduced.

## 7.15 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 and 11 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 Policy and Planning 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 remissions and postponements must be reported to the appropriate Committee of Council by 31 July for the year ending the 30 June preceding.

### 7.16 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 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 than 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.

## Land Affected by a Natural Calamity

### Objective

To enable Council to provide relief to persons whose 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.

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 regulatory 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.

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, 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 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 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 supply, wastewater disposal, solid waste collection and recycling, or for loan charges.

The application for remission must be made to the Council prior to the 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.

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;
- 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

Council may remit second targeted rates for water supply, wastewater disposal, solid waste collection and recycling, any uniform annual general charge, and targeted rates set on a uniform basis for works and services.

If a rating unit contains more than two habitable units used by non-paying guests and family, only one is entitled to remission.



## Rating Policy

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, 75% of the second affected billing period, and 50% for the third affected billing period.

Decisions for remission of water-by-meter 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, whichever 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 disposal (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 disposal.

Decisions for remission of targeted rates for wastewater disposal for schools will be delegated to officials as set out in Council’s delegations resolution pertaining to rates relief policy.

## 7.17 Postponement of Rates

### 7.17.1 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.

## Rating Policy

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.

Postponed rates will be registered as 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.

### 7.17.2 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.

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 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.

Council will make arrangements with insurers, for this to be done. 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 \$10,000. 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 (water-by-meter rates)
- (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.
- 5.3 Once adopted, this policy will be implemented from 1 July 2004.

#### 7.18 Remission Of Rates On Maori Freehold Land

##### Background

This policy is prepared under section 108 of the Local Government Act 2002 (LGA2002).

Maori freehold land is defined in the Local Government (Rating) Act 2002 (LG(R)A) 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 LGA2002 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 (except that the definition for multiple owned land is for ownership by more than four persons, rather than more than two).

At a meeting of Council held on 11 December 2002, Council considered issues in relation to the development of policies and determined that a policy should be developed under the new provisions of the Local Government (Rating) Act 2002.

## Rating Policy

The resolution passed by Council at that meeting is as follows:

### **Resolved:**

That Council:

1. Notes 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. Determines to develop such a policy and in so doing has taken into consideration section 122XD of the Local Government Act 1974; 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 LG(R)A, 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 supply, wastewater disposal or refuse collection; and,
4. Requests staff to write an appropriate policy for Council consideration and undertake informal consultation with Maori in the process.

(Note: Section 122XD of the Local Government Act 1974 has been since replaced by Schedule 11 of the LGA2002, but, the wording is the same).

In preparing the policy, notice has been taken of the categories of non-rateable land that are induced in Schedule 1 of the Local Government (Rating) Act 2002. Sections 10 to 14 of the Schedule state as follows:

### **Part 1**

#### *Land fully non-rateable*

10. *Land that does not exceed 2 hectares and that is used as (b) a Maori burial ground.*
11. *Maori customary land.*
12. *Land that is set apart under section 338 of Te Ture Whenua Maori Act 1993 or any corresponding former provision of that Act and-*
  - (a) *that is used for the purposes of a marae or meeting place and that does not exceed 2 hectares; or*
  - (b) *that is a Maori reservation under section 340 of that Act.*
13. *Maori freehold land that does not exceed 2 hectares and on which a Maori meeting house is erected.*
14. *Maori freehold land that is, for the time being, non-rateable by virtue of an Order in Council made under section 116 of this Act, to the extent specified in the order.*

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<sup>1</sup>.

<sup>1</sup> 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.



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.

### 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 LG(R)A, 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,

## Rating Policy

- 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 supply, wastewater disposal or solid waste collection and recycling.

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.

### 7.19 Postponement of Rates on Maori Freehold Land

#### Background

This policy is prepared under section 108 of the Local Government Act 2002 (LGA2002).

Maori freehold land is defined in the Local Government (Rating) Act 2002 (LG(R)A) 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 LGA2002 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.

At a meeting of Council held on 11 December 2002, Council considered issues in relation to the development of policies and determined that a policy should be developed under the new provisions of the Local Government (Rating) Act 2002.

The resolution passed by Council at that meeting is as follows:

#### Resolved:

That Council:

1. Notes 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. Determines to develop such a policy and in so doing has taken into consideration section 122XD of the Local Government Act 1974; 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 LG(R)A, 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 supply, wastewater disposal or refuse collection; and,
- 4. Requests staff to write an appropriate policy for Council consideration and undertake informal consultation with Maori in the process.

(Note: Section 122XD of the Local Government Act 1974 has been since replaced by Schedule 11 of the LGA2002, but, the wording is the same).

In preparing the policy, notice has been taken of the categories of non-rateable land that are induced in Schedule 1 of the Local Government (Rating) Act 2002. Sections 10 to 14 of the Schedule state as follows:

### Part 1

#### *Land fully non-rateable*

- 10. *Land that does not exceed 2 hectares and that is used as (b) a Maori burial ground.*
- 11. *Maori customary land.*
- 12. *Land that is set apart under section 338 of Te Ture Whenua Maori Act 1993 or any corresponding former provision of that Act and-*
  - (a) *that is used for the purposes of a marae or meeting place and that does not exceed 2 hectares; or*
  - (b) *that is a Maori reservation under section 340 of that Act.*
- 13. *Maori freehold land that does not exceed 2 hectares and on which a Maori meeting house is erected.*
- 14. *Maori freehold land that is, for the time being, non-rateable by virtue of an Order in Council made under section 116 of this Act, to the extent specified in the order.*

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<sup>2</sup>.

In developing this policy for temporary postponement of rates on Maori freehold land, Council has particularly noted the objective listed 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.

### Principles

The principles used in establishing this policy are:

- that as defined in section 91 of the LG(R)A, 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,

<sup>2</sup> 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.

## Rating Policy

- 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 (or parts of a rating unit) meeting the criteria except that no postponement will be granted for targeted rates for water supply, wastewater disposal or solid waste collection and recycling.

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.

## Appointment of Directors Policy

### 1.0 Background/Context

The Thames-Coromandel District Council either owns or has an interest in a number of council organisations (CO's). These include:

- Hauraki Gulf Forum;
- Tourism Coromandel; and,
- A range of Community Groups (eg Reserve and Domain Committees and Beachcare Committees) associated with Community Board activities.

These organisations deliver services, provide advice, or in some way support the achievement of Council's long term goals and objectives.

The Local Government Act 2002 requires that Council may appoint a person to a directorship of council organisations only if the Council considers the person has the skills, knowledge and experience to:

- Guide the Organisation given the nature and scope of its activities;
- Contribute to the achievement of the objectives of the organisation.

Section 57 of the Local Government Act 2002 requires Council to adopt a policy setting out an objective and transparent process for identifying and considering the skills required of a council organisation director and for appointing such directors.

### 2.0 Issue/Problem Definition

The Local Government Act 2002 at section 6(1) defines a council organisation as follows:

*“Council organisation means-*

*(a) A company-*

- I. In which equity securities carrying voting rights at a meeting of the shareholders of the company are-*
  - 1. Held by 1 or more local authorities; or*
  - 2. Controlled, directly or indirectly, by 1 or more local authorities; or*
- II. In which 1 or more local authorities have the right, directly or indirectly, to appoint 1 or more of the directors (however described) of the organisation; or*

*(b) An organisation in respect of which 1 or more local authorities have, whether or not jointly with other local authorities or persons, -*

- I. Control, directly or indirectly, of 1 or more of the votes at any meeting of the members or controlling body of the organisation; or*
- II. The right, directly or indirectly, to appoint 1 or more of the trustees, directors, or managers (however described) of the organisation.”*

The definition of organisation is as follows:

*“(2) For the purposes of subsection (1) organisation means any partnership, trust, arrangement for the sharing of profits, union of interest, co-operation, joint venture, or other similar arrangement; but does not include a company, or a committee or joint committee of a local authority.”*

Section 6(3) defines how references in the Act are to be interpreted if the organisational form is not that of a company. The section reads:

*“(3) If a council organisation is not a company, references in this Act, in relation to the council organisation, to:*

- (a) Equity securities include any form of voting rights in that organisation; and*
- (b) The directors and the board include trustees, managers, or office holders (however described in that organisation);*
- (c) Shareholders include any partners, joint venture partners, members, or other persons holding equity securities in relation to that organisation; and*
- (d) The constitution include any rules or other documents constituting that organisation or governing its activities; and*
- (e) Subsidiaries include any entity that would be a council controlled organisation if the reference to “local authority” or “local authorities” in subsection (1) read “council-controlled organisation or council-controlled organisations”.*

### 3.0 Options

The Local Government Act 2002 requires Council to adopt a Policy on the Appointment of Directors.

### 4.0 Strategic Alignment

The policy statement is a statutory requirement.

### 5.0 Implementation

This policy applies from 1 July 2003. Procedures will be developed to ensure that the policy is implemented at the appropriate time.

## 6.0 Risks

Council will be in breach of the Local Government Act 2002 if the policy is not adopted. Implementation of policy will ensure a consistent approach to the appointment of Directors to council organisations.

## 7.0 Measurement And Review

The Policy will be reviewed in conjunction with the review period of the Long Term Council Community Plan.

## 8.0 Policy Statement

### Terms of Reference

Council<sup>1</sup> will define the responsibilities, delegations and skill sets required for the appointment of a director to a council organisation in the Terms of Reference for the position.

Council considers that any person that it appoints to be a director of a council organisation should, as a minimum, have the following skills:

- A skill-level appropriate to the position;
- An understanding of governance issues;
- Either business experience or other experiences that are relevant to the activities of the organisation (or both);
- Sound judgement;
- A high standard of personal integrity; and
- The ability to work as a team member.

Council will determine, based on the responsibilities of the position and the particular skill sets required, whether an appointment is to be made from within its elected members or an external person(s).

<sup>1</sup> Where Council has delegated the authority for making such appointments to another party/body (eg Community Board) then these tasks shall be completed by delegate.



## Appointment of Directors Policy

### Appointment Process – Internal Appointment

The Council will decide in open meeting, in accordance with Standing Orders, the appointment of a member to be a director of a council organisation.

An elected member who is under consideration to fill a particular vacancy may not take part in the discussion or vote on the appointment.

### Appointment Process – External Appointment

When any vacancies arise in any council organisation, Council will follow the following process for appointing external directors.

Council will decide in open meeting whether to advertise a particular vacancy or make an appointment without advertisement. When making this decision, Council will consider:

- The costs of any advertisement and the process;
- The availability of qualified candidates; and,
- The urgency of the appointment (e.g. a council organisation that is without a quorum and cannot hold board meetings).

### Appointment with Public Advertisements

Where Council decides to advertise a vacancy, it may form an ad-hoc committee to consider applications and make a recommendation to Council. The Mayor, or a councillor nominated by the Mayor, will chair the Committee.

A short list of candidates will be prepared and interviewed by the relevant committee and the committee will report to Council on each of the candidates. The committee may make recommendations if it wishes to do so.

### Appointment Without Public Advertisements

Where Council decides not to advertise a vacancy it may also form an ad-hoc committee to manage the appointment process on its behalf.

The Council committee will consider the appointment and identify a shortlist of candidates whom it considers meet the above criteria and will forward those to Council together with a report explaining why these candidates meet the criteria. The committee will make a recommendation to Council.

### Final Appointment

The Council will make a decision in “public excluded” session thus protecting the privacy of natural person(s). Public announcement of the appointment will be made as soon as practicable after Council has made its decision.

### Conflicts of Interest

Council expects that directors of council organisations will avoid situations where their actions could give rise to a conflict of interest. All directors are appointed at the pleasure of Council and may be dismissed by way of Council resolution.

### Powers/Responsibilities

Council will provide appointees to a council organisation with details of their powers, delegations and responsibilities and expectations on reporting to Council on the work of the council organisation. These will generally be provided in the form of the formal Terms of Reference for the appointment.

### Remuneration

Remuneration of directors of council organisations is a matter of public interest.

In determining the remuneration, if any, for members appointed to council organisations Council will have regard to its elected member remuneration policies. It will detail any remuneration in the Terms of Reference for the position/appointment.

Where the Council makes an external appointment, it will set the level of remuneration, if any, in open meeting.

## Equal Employment Opportunities Policy

### Purpose

Council is committed to providing equal employment opportunities for current and future staff. This commitment is reflected in that every employee or potential employee is treated fairly regardless of:

- |                             |                      |
|-----------------------------|----------------------|
| * race                      | * colour             |
| * ethnic or national origin | * sex                |
| * religion                  | * marital status     |
| * family responsibilities   | * sexual orientation |
| * disability                | * age                |

### Current Staff

All staff are encouraged to attend training for technical and/or personal development. Budget for training is provided for in all operating units of Council. From an organisational view, a budget is also provided in the support services operating unit for training that benefits the organisation as a whole.

### Recruitment

Vacancies are advertised internally and may be advertised externally. Applications are reviewed against the position requirements. Short listed applicants are then interviewed through a structured interview and selection process.

### New Staff

All new staff participate in an induction programme which covers the following:

- Review of staff handbook
- Review of occupational safety and health handbooks
- Review and acknowledgement of current human resources policies
- Identification of hazards and reporting of accidents
- Emergency evacuation procedures
- Computer and telephone training
- Records/filing training
- An introduction to all staff
- Morning tea with the Mayor and CEO
- A tour of the district

The induction programme is carried out when they commence employment.

**Partnerships between  
Thames-Coromandel District Council and  
the Private Sector Policy**

## 9.0 Background/Context

The Local Government Act 2002 requires local authorities to formulate policies on partnerships between the local authority and the private sector. Section 107 of the Act sets out the matters to be included in the policy. This is a new policy requirement for local government.

## 10.0 Issue/Problem Definition

The Local Government Act 2002 requires the following matters to be addressed in policy statements:

### *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.*

- (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- Local authorities; or 1 or more local authorities and 1 or more council organisations; or*
  - (b) A contract for the supply of any goods to, or services to, or on behalf of, a local authority.*

## 11.0 Options

Under the Local Government Act 2002 arrangements between local authorities and contracts with private sector organisations for the supply of goods and services are excluded from the definition of a partnership.

In developing this policy there is a need for Council to give consideration to what arrangements or agreements might constitute a partnership in terms of the provisions of the Act and which bodies/agencies/organisations are considered to be the “private sector”. That is, the continuum of the private sector could range from those in business for the primary motivation of profit to not-for-profit community groups that are established primarily for charitable purposes.

It would seem, from a practical perspective, that the policy should focus on private sector organisations with the primary motivation of profit. Council may have a number of agreements with community and not-for-profit organisations. The administrative requirements for such arrangements, arising from the Act, may be onerous and inappropriate for these arrangements or agreements. It would therefore be appropriate to exclude community groups, not-for-profit organisations and charitable trusts from the provisions of the Act.

## 12.0 Strategic Alignment

Formulation of Policy on Partnerships with the Private Sector is a statutory requirement.

## 13.0 Implementation

This policy applies from 1 July 2003.

## 14.0 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 policy are outlined in the policy statement.

## 15.0 Measurement and Review

This policy is to be reviewed using the special consultative procedure. The policy will be reviewed not less than every three years.

## 16.0 Policy Statement

### Application of Policy

#### This policy applies to:

- Arrangements or agreements for provision of grants, loans, guarantees, or investments between the Council and persons engaged in business;
- Arrangements or agreements for a venture where the Council participates with a person 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 a person engaged in business to form a Council organisation, or any agreement to sell shares in a Council organisation to a person 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);

## Partnerships between Thames-Coromandel District Council and the Private Sector Policy

- 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.

### **Circumstances in which Council will consider a Partnership**

Council will consider entering in to 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 (note: pending adoption of its first Long Term Council Community Plan, it will be sufficient if the proposed partnership will contribute to achieving the strategic objectives as set out in Council's Strategic Plan); 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; and
- 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; and
- The benefits of the proposed partnership (in terms of achievement of community outcomes and promotion of the four aspects of well-being now and in the future) will exceed the costs.

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, for the year commencing 1 July 2003, the Annual Plan); or
  - Council determines that public consultation should occur having regard to the significance of the partnership proposal.
- If the partnership proposal falls within one of the four categories above, the nature of the consultation undertaken will be determined with reference to s 97 and s78 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 (or strategic objectives for the year commencing 1 July 2003) or 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 objectives of the partnership and link to the 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 (or for the year commencing 1 July 2003, strategic objectives), 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.



## **Financial and Development Contributions Policy**

### 1.0 Summary

This policy outlines the process Council utilises for obtaining contributions from developers to pay for facilities within the District that are needed to cater for the costs of growth.

Council currently utilises transitional provisions within the Resource Management Act 1991, providing for provisions of the Local Government Act 1974 to be used to collect financial contributions.

### 2.0 Background

Council has an Operative Transitional District Plan, and a Proposed District Plan. The proposed plan contains a section on financial contributions, but this is under review. The enactment of the Local Government Act 2002 (“LGA02”) has allowed Council to consider whether it shall have a financial contributions policy in the proposed plan, or a development contributions policy formulated under the LGA02.

### 3.0 Policy

The LGA02 requires a policy on development contributions or financial contributions to be adopted. A development contribution comprises money or land required from developers under LGA02 provisions, and a financial contribution is money or land required from developers under the Resource Management Act 1991 (“RMA1991”). The same contribution cannot be collected under both acts.

### 4.0 Council Policy

Council’s policy is to take financial contributions pursuant to part XV of the RMA1991, where the transitional provisions include section 409 “*Financial contributions for developments*” until a comprehensive policy is prepared.

Financial contributions are currently payable in respect of the wastewater headworks, water supply headworks, roading network, and public reserves.

### 5.0 Financial Contributions

Financial contributions shall be collected under the transitional provisions of the RMA1991 until either a subsequent development contributions policy under the LGA02 is adopted, or a financial contributions policy under the RMA1991 is notified.

The cost of providing or upgrading of public infrastructure and utility services is borne by the developer where growth requires these services to be provided. Council requires all growth related expenditure on infrastructure that can be attributed to developments to be recovered from them. The contributions may be in either land or money for the following:

- Water supply infrastructure
- Waste water infrastructure
- Roading infrastructure
- Reserve acquisition and development.

Developers of specific projects may also be required to pay for parking contributions, and provide stormwater facilities. Land is also vested in Council as a result of subdivision.

## Determining Significance Policy

### 17.0 Background/Context

The Local Government Act 2002 requires Council to adopt a policy on “significance”, by 1 July 2003. The policy must be adopted by use of the special consultative procedure and be included in the Long Term Council Community Plan, (S93 (9)(b)).

### 18.0 Issue/Problem Definition

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.*
- (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*

- (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 well being 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 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.*

## 19.0 Options

The requirement to consider the “well beings” would indicate that assessment of thresholds, criteria, and procedures (in 2 above) 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”. An approach to the environmental “well being” could be to refer to the “Anticipated Environmental Results” or “Objectives” incorporated in the District Plan. That is, if a decision or proposal referred directly to the achievement of either Results or Objectives then it could be considered as significant.

Significance in terms of social, economic and cultural factors may be more easily determined following the identification of community outcomes required under section 91 of the Act. In the meantime an alternative approach may be to utilise the overall social, economic and cultural objectives in the Strategic Plan as a reference in taking decisions to determine significance.

Consideration of persons likely to be affected could relate to the numbers of persons affected and/or the nature of that effect from a financial, economic, social or cultural perspective.

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 or region.

## 20.0 Strategic Alignment

Formulation of policy on significance is a statutory requirement.



### 21.0 Implementation

This policy applies from 2 July 2003.

### 22.0 Risks

Adoption of this policy is a statutory requirement and non-adoption would place Council in breach of these requirements. Risks associated with the implementation of this policy are outlined in the policy statement.

### 23.0 Measurement And Review

This policy is to be reviewed using the special consultative procedure. The policy will be reviewed not less than every three years.

### 24.0 Policy Statement

#### 8.1 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;
- 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.

#### 8.2 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:

##### **Thresholds:**

Application of the thresholds is not necessarily conclusive. A matter, which does not meet any particular threshold, may still be significant if the criteria below suggest that it is. Proposals or decisions, which are likely to have implications in excess of the following thresholds, will be recognised in determining significance:

- More than \$10 million of budgeted capital or operating expenditure and/or \$2 million of unbudgeted capital or operating expenditure is incurred, excluding funding required for remedial work arising from the effects of natural events;
- Involves any transfer of ownership or control, or the construction, replacement or abandonment, of a strategic asset as a whole as defined by the Act or listed in this policy;
- Involves the sale of Council's shareholding in any council controlled trading organisation, or council controlled organisation; or
- Involves a decision that will, directly or indirectly, significantly affect the capacity of Council to carry out any significant activity identified in the Long Term Council Community Plan.

Where any issue, proposal, decision or other matter triggers one or more of the above thresholds, it shall be considered against the criteria set out in this policy in determining whether it is significant.

**Note:** For the purposes of the application of this policy significant activities are defined by Council as including: roading, water, stormwater and wastewater.

### ***Criteria:***

In considering whether any issue, proposal, decision or other matter is significant the following criteria will be used:

- The issue, proposal, decision other matter affects all or a large portion of the community in a way that has a high degree of significance;
- The impact or consequences of the issue, proposal, decision or other matter on the affected persons will be substantial; and/or
- The financial implications of the issue, proposal, decision or other matter on Council's overall resources are substantial.

Matters, which do not satisfy these criteria, may have a high degree of significance where it is known the decision will nevertheless generate considerable public controversy.

### ***Procedures:***

The following procedures will be applied:

- Reports to Council will include a statement indicating that the issue of significance has been considered, with a recommendation to Council assessing the significance of the proposal or 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 as are applicable;

- Once an issue, proposal, decision or other matter is determined as significant in accordance with the application of this policy, the "decision making" provisions of the Local Government Act 2002, shall be applied;
- The Council will report annually, through its Annual Report on all issues, proposals, decisions or other matters determined to be significant.

**Note:** Reports to Council on matters not specifically included as significant under any other policy will not address significance under section 90 of the Local Government Act 2002.

## **8.3 In Accordance with section 90 (2), 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.



## Statement on Water and Sanitary Assessments

## **Water and Sanitary Services Summary**

According to Section 125 of the Local Government Act 2002, a territorial authority must assess the provision within its district of water and other sanitary services. Section 285 directs that this assessment need not be completed until 30 June 2005. Council is deferring the assessment until the June 2005 deadline.

## Statement on Waste Management Plan

### Waste Management Plan

Section 286 of the Local Government Act 2002 states the requirement for a territorial authority's Waste Management Plan:

*If, at the commencement of this section, a territorial authority does not have in force in respect of its district a waste management plan adopted under section 539 of the Local Government Act 1974, that territorial authority must, in the period beginning with the passing of this act and ending with the close of 30 June 2005, adopt a waste management plan under that section.*

Thames-Coromandel District Council developed a Draft Waste Management Plan in August 1998, to which amendments were added in October 1998. This waste management plan is under review, and Council will adopt a new waste management plan by 30 June 2005.



## Statement on Council Controlled Organisations

## Council Controlled Organisations

Council-Controlled Organisations (CCOs) are defined in Part 1 s 6 of the Local Government Act 2002, Act as

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

According to this definition, Thames-Coromandel District Council does not have any CCOs. Therefore there are no CCO statements of intent in this LTCCP.

A list of Committees of Council, Delegations, Joint Committees, Community Board Committees, and Council Organisations, may be found in the *Thames-Coromandel District Council Local Governance Statement 2003*. The LGS will be available on request at TCDC offices and on the Internet at <http://www.tcdc.govt.nz>

## Risk Assessment with Assumptions

## Assumptions and Risk Assessment

Schedule 10 (section 11) of the Local Government Act 2002 contains provisions relating to ‘Significant Forecasting Assumptions’. The Act requires that Council identifies the significant forecasting assumptions and risks underlying financial estimates. Where there is a high level of uncertainty Council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects on the financial assumptions.

| Forecasting Assumptions - General   | Risk  | Level of Uncertainty     | Reasons and Financial Effect of Uncertainty (if applicable)  |
|---|---|--------------------------|--|
| <b>Replacement Assets</b> - The replacement of existing assets does not mean an increased level of service, unless otherwise stated in the text.  | That the replacement of existing assets increases the level of service due to technological changes or through adoption of best practice.   | Low                      | In most cases increased levels of service are associated with construction of new assets. Council asset managers have already adopted known best practice techniques.  |
| <b>New Assets</b> - The construction of new assets increases level of service and/or capacity, unless otherwise stated in the text.   | That the construction of new assets does not meet the agreed level of service and/or does not provide adequate capacity.  | Low                      | For most new assets there are relatively long project planning and design phases. Wherever possible asset managers design and construct new assets with future levels of service and capacity in mind.   |
| <b>Population Growth</b> –<br>The usually resident population of the District will increase by 1% per annum (in accordance with the medium rate of projected population growth) to reach 31,000 by 2021 (20% population increase from 2001 to 2021).<br><br>There will be different rates of growth in usually resident population for each of the Wards within the District based upon annual growth rates of:<br><br>Thames (medium)                      0.5% pa<br>Coromandel/Colville (medium)                      1.0% pa<br>Mercury Bay (high)                      3.3% pa<br>Tairua/Pauanui (medium)                      1.2% pa<br>Whangamata (medium)                      0.8% pa | That population growth is higher than projected putting increased pressure on Council to provide additional infrastructure and services.<br><br>That population is lower than projected putting pressure on Council to maintain existing infrastructure and services. | Low to Medium<br><br>Low | Population projections are based upon a standard set of demographic assumptions that do not tend to change quickly (fertility, mortality and migration). In the past the ‘medium’ population projections for the District have proved accurate.<br><br>There are however additional non-demographic factors (re-zoning of land, anticipated land use changes) that may have an influence on the future projected population of some Wards/settlements. The areas where the projections are most likely to be exceeded are in the Mercury Bay and Tairua/Pauanui Wards. |

| Forecasting Assumptions - General  | Risk   | Level of Uncertainty  | Reasons and Financial Effect of Uncertainty (if applicable)   |         |             |         |                          |         |                          |         |                           |         |            |         |  |                          |   |
|--|--|-----------------------|---|---------|-------------|---------|--------------------------|---------|--------------------------|---------|---------------------------|---------|------------|---------|--|--------------------------|---|
| <p><b>Rating Unit Growth –</b><br/>The number of rating units in the District will increase by 1.75% per annum (based on historical trends) to reach 27,422 rating units by the year 2014.</p> <p>Growth in the number of rating units used in asset management plans to determine the level of infrastructure construction required in the district is as follows:</p> <table><tr><td>Thames</td><td>0.5% pa</td></tr><tr><td>Coromandel-Colville</td><td>1.3% pa</td></tr><tr><td>Mercury Bay</td><td>3.5% pa</td></tr><tr><td>Tairua/Pauanui (2004/05)</td><td>0.0% pa</td></tr><tr><td>Tairua/Pauanui (2005/07)</td><td>5.0% pa</td></tr><tr><td>Tairua/Pauanui (2007/14))</td><td>2.4% pa</td></tr><tr><td>Whangamata</td><td>1.6% pa</td></tr></table> | Thames   | 0.5% pa               | Coromandel-Colville   | 1.3% pa | Mercury Bay | 3.5% pa | Tairua/Pauanui (2004/05) | 0.0% pa | Tairua/Pauanui (2005/07) | 5.0% pa | Tairua/Pauanui (2007/14)) | 2.4% pa | Whangamata | 1.6% pa | <p>That growth in the number of rating units is higher than projected putting increased pressure on Council to provide additional infrastructure and services.</p> <p>That growth in the number of rating units is lower than projected meaning Council has less additional income (rates and contributions) to pay for planned future infrastructure and services.</p> <p>[There are different rates of growth projected for Tairua/Pauanui due to current capacity limitations of the wastewater plant.]</p> | <p>Medium</p> <p>Low</p> | <p>Rating unit projections are based upon historical trends over the last nine years. In that time there have been fluctuations in the number of rateable properties created on a yearly basis.</p> <p>At the present time there is a building boom occurring on the Peninsula in general, and in some settlements specifically - most notably in the Mercury Bay Ward. This may mean growth in rateable properties will be higher than projected for some Wards.</p> <p>Council will continue to monitor the number of new rating units being created each year and make adjustments to projections as required.</p> |
| Thames   | 0.5% pa  |                       |   |         |             |         |                          |         |                          |         |                           |         |            |         |  |                          |   |
| Coromandel-Colville  | 1.3% pa  |                       |   |         |             |         |                          |         |                          |         |                           |         |            |         |  |                          |   |
| Mercury Bay  | 3.5% pa  |                       |   |         |             |         |                          |         |                          |         |                           |         |            |         |  |                          |   |
| Tairua/Pauanui (2004/05)   | 0.0% pa  |                       |   |         |             |         |                          |         |                          |         |                           |         |            |         |  |                          |   |
| Tairua/Pauanui (2005/07)   | 5.0% pa  |                       |   |         |             |         |                          |         |                          |         |                           |         |            |         |  |                          |   |
| Tairua/Pauanui (2007/14))  | 2.4% pa  |                       |   |         |             |         |                          |         |                          |         |                           |         |            |         |  |                          |   |
| Whangamata   | 1.6% pa  |                       |   |         |             |         |                          |         |                          |         |                           |         |            |         |  |                          |   |
| <p><b>Visitor Growth</b> - Growth in the visitor population will directly relate to growth in rating units.</p>  | <p>That visitor growth will outstrip growth in rating units putting increased pressure on Council to provide additional infrastructure and services.</p>   | <p>Low</p>            | <p>A recent study has shown that around 90% of visitors to the Peninsula at peak times stay at a residential address. There are commercial accommodation options already available for those not able or wanting to stay at a residential property.</p>   |         |             |         |                          |         |                          |         |                           |         |            |         |  |                          |   |
| <p><b>Absentee-to-Resident Ratepayers</b> - The current proportion of absentee-to-resident ratepayers will remain constant (approx 50/50).</p>   | <p>Due to an ageing national population, and the belief that the Peninsula is an attractive place to live, increasing numbers of people move to the Coromandel to live permanently.</p> <p>Due to a lack of local employment opportunities and essential services (eg. health services) there are fewer people choosing to live on the Peninsula compared to the number of ratepayers.</p> | <p>Low</p> <p>Low</p> | <p>Population and rateable property projections tend to indicate that it is likely that the current absentee-to-resident ratepayer proportions will remain relatively constant.</p> <p>Council will continue to monitor absentee-to-resident ratepayer trends and make adjustments to relevant projections as required.</p>             |         |             |         |                          |         |                          |         |                           |         |            |         |  |                          |   |
| <p><b>Levels of Service:</b> Changes in customer expectations regarding levels of service will not significantly change so that they impact on asset requirements or operating costs unless otherwise stated in the text.</p>  | <p>There are significant changes in customer expectations regarding levels of service.</p>   | <p>Low</p>            | <p>Most communities have already defined the levels of service they expect, and what they are prepared to pay for that level of service.</p> <p>Also, while customer expectations may change the practicality of meeting these changes through changes to contracts and level of service agreements would be a longer-term process.</p> |         |             |         |                          |         |                          |         |                           |         |            |         |  |                          |   |

## Risk Assessment with Assumptions

| Forecasting Assumptions - General  | Risk  | Level of Uncertainty | Reasons and Financial Effect of Uncertainty (if applicable)   |
|--|---|----------------------|---|
| <b>Natural Disasters:</b> There will be no natural disaster requiring emergency work that cannot be funded out of the budgetary provisions.                                      | That there will be natural disaster event(s) requiring emergency work that cannot be funded out of normal budgetary provisions. | Low to Medium        | Although Council has faced many natural disaster events in the past, and coped adequately, climate change predictions are that some events could become more frequent and more intense. The potential effect of a natural disaster on Council's financial position is dependent upon the scale, duration and location of the event. |
| <b>Contracts</b> There will be no significant variations in terms of price from the re-tendering of operation and maintenance contracts and renewal of service level agreements. | There is a significant variation in price from re-tendering contracts and renewal of service level agreements.                  | Medium               | A buoyant economy has led to surplus work for contractors leading to less competition between tenders, in turn leading to higher prices. If contract prices were to increase significantly then Council would review the amount of work programmed and undertaken.  |
| <b>Resource Consents</b> - Conditions of resource consents held by Council will not be altered significantly.  | Conditions of resource consent are altered significantly and without sufficient warning.  | Low                  | Although there are increasing community expectations regarding the performance of Council infrastructure (particularly environmental performance), Environment Waikato is aware of the significant costs involved with upgrading infrastructure and would provide advanced warning of likely changes.                               |
| <b>Council Policy</b> - There will be no significant changes to Council policy as summarised in this plan.   | New legislation is enacted that requires a significant policy response from Council.  | Medium               | Changes to Council policy to deal with new legislative and Council requirements are part of normal business. Any significant change to Council policy would be assessed in terms of impact upon Council's financial position.   |
|  | Election of a new Council with different objectives to the current Council.   | Medium               |   |
| <b>External Factors</b> - There will be no unexpected changes to legislation or other external factors that alter the nature of services provided by Council.                    | There are unexpected changes that alter the services provided by Council.   | Low                  | Most changes to legislation are programmed and known about in advance. Only in extraordinary circumstances (such as public outcry over a particular incident) would unexpected changes to legislation be promoted.  |

| Forecasting Assumptions - Financial   | Risk  | Level of Uncertainty | Reasons and Financial Effect of Uncertainty (if applicable)  |
|---|---|----------------------|--|
| <b>Inflation</b> - The financial information is based on constant year 2004 dollars. Inflation is not reflected in Council's input and output costs.                                  | That there will be inflation.   | High                 | Inflation is affected by external economic factors.<br><br>Based upon 2004/05 estimates, inflation of 2% per annum would increase rates by approximately \$750,000 Unless efficiency gains can be made.  |
| <b>Debt servicing costs</b> – Debt servicing costs on existing and new borrowing is calculated at 6.5% per annum over the term of borrowing.  | That interest rates will increase beyond 6.5%.  | Low                  | Forecasts are for interest rates to climb slightly in 2004/05. Council will manage this through internal borrowing and interest-rate risk management instruments for any external debt. The five-year interest yield curve is relatively flat.                         |
| <b>Term of Borrowing</b> – The term of all new borrowing is based on a 30-year term except where early repayment can be achieved by utilising surpluses from funding of depreciation. | Virtually no risk as loans are readily renewable and internal borrowing can absorb early payment of debt. | Low                  | May reduce impact of interest expense if early repayment is made.  |
| <b>Investments</b> – Interest on financial investments has been calculated at 5.5% for external investments and 6.5% for internal investment.   | That interest rates fall below expected yield.  | Low                  | Approximately \$30 million of Council investment is invested in internal loans. Council has control over the interest rate received. The balance of interest earnings and deposits is for working capital and no drop in interest rates is expected in the short-term. |
| <b>Revaluation</b> – The projections do not reflect any change in asset valuations because there is no basis upon which to estimate any possible changes.                             | Infrastructure is to be revalued at 1 July 2004 and may alter depreciation expense.                       | Medium               | Variation in values expected to be low unless valuation methodology changes.<br><br>Financial effect of uncertainty unable to be quantified.   |
| <b>Vested Assets</b> – Level of vested assets due to subdivision will continue at historical levels, except where known large vestings will occur in the future.                      | That vested assets will be greater than budgeted levels thereby increasing depreciation expense.          | Medium               | Vested assets fluctuate considerably from year to year.<br><br>Financial effect of uncertainty unable to be quantified.  |



## Risk Assessment with Assumptions

| Forecasting Assumptions - Financial   | Risk   | Level of Uncertainty | Reasons and Financial Effect of Uncertainty (if applicable)  |       |       |      |            |       |           |       |                            |       |                      |       |           |       |                               |       |  |     |   |
|---|--|----------------------|--|-------|-------|------|------------|-------|-----------|-------|----------------------------|-------|----------------------|-------|-----------|-------|-------------------------------|-------|--|-----|---|
| <p><b>Loss of Service Potential</b> – Depreciation has been calculated on asset values at their latest revaluation date, and thereafter additions at costs.</p> <p>As detailed componentry for infrastructure is not always available for new capital projects for future years, global percentages have been applied to these works for the calculation of depreciation as follows:</p> <table><tr><td>Roads (Seal extension)</td><td>2.75%</td></tr><tr><td>Stormwater</td><td>1.50%</td></tr><tr><td>Water</td><td>2.5%</td></tr><tr><td>Wastewater</td><td>2.75%</td></tr><tr><td>Footpaths</td><td>2.00%</td></tr><tr><td>Parks Furniture &amp; Fittings</td><td>4.00%</td></tr><tr><td>Solid Waste Disposal</td><td>2.00%</td></tr><tr><td>Buildings</td><td>2.25%</td></tr><tr><td>Wharves, boat ramps &amp; Jetties</td><td>1.75%</td></tr></table> | Roads (Seal extension)   | 2.75%                | Stormwater   | 1.50% | Water | 2.5% | Wastewater | 2.75% | Footpaths | 2.00% | Parks Furniture & Fittings | 4.00% | Solid Waste Disposal | 2.00% | Buildings | 2.25% | Wharves, boat ramps & Jetties | 1.75% | <p>That detailed componentry may require greater allowances for depreciation.</p> <p>Over-estimates may result in more rates and charges being set than necessary.</p> <p>Under-estimates may result in depreciation not being fully funded.</p> | Low | <p>Council has an asset management planning and upgrade programme in place. Asset capacity and condition is monitored with replacement works being planned in accordance with standard asset management and professional practices. Depreciation is calculated in accordance with normal accounting and asset management practices.</p> |
| Roads (Seal extension)  | 2.75%  |                      |  |       |       |      |            |       |           |       |                            |       |                      |       |           |       |                               |       |  |     |   |
| Stormwater  | 1.50%  |                      |  |       |       |      |            |       |           |       |                            |       |                      |       |           |       |                               |       |  |     |   |
| Water   | 2.5%   |                      |  |       |       |      |            |       |           |       |                            |       |                      |       |           |       |                               |       |  |     |   |
| Wastewater  | 2.75%  |                      |  |       |       |      |            |       |           |       |                            |       |                      |       |           |       |                               |       |  |     |   |
| Footpaths   | 2.00%  |                      |  |       |       |      |            |       |           |       |                            |       |                      |       |           |       |                               |       |  |     |   |
| Parks Furniture & Fittings  | 4.00%  |                      |  |       |       |      |            |       |           |       |                            |       |                      |       |           |       |                               |       |  |     |   |
| Solid Waste Disposal  | 2.00%  |                      |  |       |       |      |            |       |           |       |                            |       |                      |       |           |       |                               |       |  |     |   |
| Buildings   | 2.25%  |                      |  |       |       |      |            |       |           |       |                            |       |                      |       |           |       |                               |       |  |     |   |
| Wharves, boat ramps & Jetties   | 1.75%  |                      |  |       |       |      |            |       |           |       |                            |       |                      |       |           |       |                               |       |  |     |   |
| <p><b>Replacement Assets</b> – Replacement of existing assets is projected to be made at the end of their useful lives. Thus, there is no provision made to write off residual values, as they are presumed to be at zero at the time of replacement.</p>   | <p>That some assets will require replacement prior to expected life end.</p> | Medium               | <p>There should be no financial impact on ratepayers as residential value write-offs are a non-cash expense.</p>   |       |       |      |            |       |           |       |                            |       |                      |       |           |       |                               |       |  |     |   |
| <p><b>Asset Life</b> – Useful life of assets is as recorded in asset management plans or based upon professional advice.</p>  | <p>That assets wear out earlier than estimated.</p>                          | Low                  | <p>Asset life is based upon estimates of engineers and valuers.</p> <p>Capital projects could be brought forward in event of early expiration of assets.</p> |       |       |      |            |       |           |       |                            |       |                      |       |           |       |                               |       |  |     |   |
| <p><b>Funding Sources</b> – Sources of funds are as per the Revenue and Financing Policy.</p>   | <p>That some user charges may not be achievable.</p>                         | Low                  | <p>Levels of charges have been set at previously acceptable levels.</p>  |       |       |      |            |       |           |       |                            |       |                      |       |           |       |                               |       |  |     |   |

| Forecasting Assumptions - Financial   | Risk  | Level of Uncertainty | Reasons and Financial Effect of Uncertainty (if applicable) |
|---|---|----------------------|---|
| <b>Financial and Development Contributions –</b><br><br>a) Projections for contributions are based on the assumption that a Development Contributions Policy, together with the District Plan becoming operational, will occur on 1 July 2005.<br><br>b) Projections for contributions are based on the following rates of growth, which are more conservative than those used for the construction of infrastructure, to ensure revenue estimates are not over-stated.<br><br>Thames 0.5% pa<br>Coromandel-Colville 1.1% pa<br>Mercury Bay 3.4% pa<br>Tairua/Pauanui (2004/05) 0.0% pa<br>Tairua/Pauanui (2005/07) 4.0% pa<br>Tairua/Pauanui (2007/14)) 0.6% pa<br>Whangamata 1.2% pa<br><br>c) Projections for contributions are based on varying amounts of up to \$16,600 per lot depending on location and availability of services. | <p>That the District plan provisions relating to financial contributions will be challenged.</p><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><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|                      |   |

## Risk Assessment with Assumptions

| Forecasting Assumptions - Activities   | Risk   | Level of Uncertainty | Reasons and Financial Effect of Uncertainty (if applicable)  |
|--|--|----------------------|--|
| <b>Community Facilities</b>  |  |                      |  |
| <b>Harbour Facilities</b> – Demand for recreational harbour facilities will increase in proportion to growth in rateable properties.   | Greater demand not directly proportional to the number of rateable properties.   | Low                  | Demand for recreational harbour facilities is likely to be in proportion to rateable properties due to topography and geography of the District.   |
| No budget provisions will be made for additional commercial harbour facilities.  | New activities may wish to establish, or existing activities expand, that will place pressure on existing facilities.  | Medium               | Although a buoyant economy and lifting of the Marine Farming Moratorium could result in increased demands for commercial harbour facilities, additional costs would be met by commercial operators.  |
| The current level of maintenance dredging in harbours will continue. (Note: harbour floors are not Council assets.)  | New facilities developed that require dredging.  | Low                  | New harbour facilities are most likely to be developed privately and therefore dredging is not expected to be the responsibility of Council.   |
| Council can continue to raise funds for harbour works that extend beyond the Mean High Water Spring.   | Council is unable to continue to raise funds for works below the Mean High Water Spring. [technically Council has no jurisdiction beyond the Mean High Water Spring] | Low                  | When undertaking harbour works it is practical to look at landward and seaward works as one. Usually there is strong community support for Council to undertake these works and activities.  |
| <b>Parks &amp; Reserves/Public Conveniences</b> – Council policy will not differ significantly from adopted Council policy (eg. draft community and reserve management plans). | As a result of the current review of District policy significant budget increases may be required to achieve desired levels of service.                              | Low                  | Council has discretion over how quickly it promotes and adopts new policy and revised service level agreements.  |
| <b>Halls</b> – The current level of hall usage will continue.  | Usage of halls reduces due to alternative facilities being developed.  | Low                  | Data to-date suggests that there is spare capacity within Council hall facilities.   |
| <b>Libraries</b> – libraries will continue to be funded at the Community Board area level.   | Change in policy relating to District library service and subsequent change in levels of service.  | High                 | Council is currently reviewing provision of its library service which is likely to lead to a lead to a change in the level of service.<br><br>Financial effect will be a reduction in cost in the Thames Ward and an increase in cost in other Wards – funded through Uniform Annual General Charge. |
| <b>Cemeteries</b> – demand for plots will increase.  | More people choose to be cremated.   | Medium               | Although the District has an ageing population, anecdotal evidence suggests an increasing number of people choosing cremation.   |

| Forecasting Assumptions - Activities   | Risk   | Level of Uncertainty | Reasons and Financial Effect of Uncertainty (if applicable)   |
|--|--|----------------------|---|
| <b>Community Leadership</b>  |  |                      |   |
| <b>Consultation</b> – There will be increasing levels of community consultation required as a result of the provisions of the Local Government Act 2002.   | Increased resources required to meet legal requirements.<br><br>Increased community expectations regarding consultation and engagement.  | Medium               | Projected increased population and rateable property growth across the District and in settlements specifically. Increased legislative requirements around the need for consultation.   |
| <b>Governance</b> – The structure of the elected representation on Council and Community Boards will not change from that adopted for the 2004 elections.  | There will be applications made to Council for representation reviews.   | Low                  | Council has just completed a representation review and would be unlikely to go through the process again in the near future.  |
| <b>Economic Development</b> – There will be no significant change in funding of economic development.  | There is a significant change in funding for the economic development activity.  | Low                  | Changes to funding can only occur through an amendment to the Annual Plan or LTCCP.   |
| <b>Managing the Environment</b>  |  |                      |   |
| <b>Resource &amp; Building Control</b> – Estimates are based upon 660 resource consents and 2,100 building consents being received in 2004/05, with growth in subsequent years in proportion to rating unit growth (ie. assumed at 1.5% increase per annum). | That the number of resource and building consent applications reduces significantly.   | Low                  | The numbers of resource and building consents estimated in this assumption are based upon the average number of consents received over the last three years. Population and rateable property projections tend to indicate that relatively high levels of growth are likely to continue into the future.<br><br>Building certifiers are currently more cost effective than Council building inspectors. |
|  | That resource consent and building consent applications increase significantly.  | Low to Medium        |   |
|  | That the number of building consents processed by Council may reduce significantly due to the use of certifiers.   | Medium               |   |
| <b>Hazards</b> – Council will continue to have a role in hazard issues in conjunction with Environment Waikato, and costs will not exceed those allocated in the budget.   | Risks associated with extreme or accelerated natural events and processes with subsequent impacts upon people and communities. Possible natural events and processes include: <ul style="list-style-type: none"> <li>• Flooding</li> <li>• Coastal erosion and flooding</li> <li>• Land slides</li> <li>• Tsunami</li> <li>• Earthquake</li> <li>• Fire</li> </ul> | Low to Medium        | Council has statutory responsibilities, in conjunction with Environment Waikato, for managing natural hazard issues. Since 1998 the Coromandel Peninsula has been subjected to four major natural events that have led to Civil Defence Emergencies being declared. There have also been many smaller events that have resulted in localised damage.  |
| <b>Pitoone Investigations</b> – will be concluded in 2005/06.  | That further investigations will be required and/or judicial review proceedings against Council will be successful.  | Low                  | Results of investigations to date have been inconclusive.   |

## Risk Assessment with Assumptions

| Forecasting Assumptions - Activities   | Risk   | Level of Uncertainty | Reasons and Financial Effect of Uncertainty (if applicable)   |
|--|--|----------------------|---|
| <b>District Plan</b> – There will be no more than 5 Council-funded District Plan changes per year.   | There will be a new Council with different objectives to the current Council                               | Medium               | The current Council has signalled that it wants to move towards a zone based district plan. A new Council may have more radical views on district plan amendments and changes.  |
|  | There will be directives from the Environment Court to amend Proposed District Plan.                       | Low                  | With the Plan made operative the risk of challenges to the plan will be low.  |
| <b>Community Safety &amp; Welfare</b>  |  |                      |   |
| <b>Emergency Management</b> – funding of Civil Defence and Rural Fire will continue at the same level.   | Emergency management funding requirements increase.  | Medium               | The Civil Defence Emergency Management Act 2002 requires significant policy and procedure review. Council grants to emergency services are however at Council's discretion.   |
| <b>Roading</b>   |  |                      |   |
| Transfund requirements and specifications for the performance of subsidised work will not alter to the extent that they impact adversely on operating costs. | Changes in subsidy rate and variation in criteria for inclusion in subsidised works programme.             | High                 | Transfund and Transit New Zealand funding priorities may change as a result of the Land Transport Management Act 2003. Variations in subsidy are possible given the new Government priority given to Auckland roads.<br><br>Financial effect unable to be quantified. |
| Increased heavy vehicle use is only expected to impact isolated portions of the network.   | Unanticipated logging operations requiring localised upgrading of the network.                             | Medium               | Although the location of forests is known by Council, the timing of harvesting is often driven by market conditions and may occur without prior notice.   |
| Council will continue to work with Transit NZ and neighbouring territorial authorities on roading issues.  | Savings due to combined contracts may not accrue.  | Medium               | A buoyant economy has led to surplus work for contractors leading to less competition between tenders, in turn leading to higher prices.  |
| The cost of bitumen will not vary significantly.   | Increased international oil prices affect the cost of plant associated with works and the cost of bitumen. | High                 | Recent events in the Middle East have affected the cost of tenders, especially reseals, which may fluctuate by as much as 15% (up or down).   |
| <b>Water and Waste</b>   |  |                      |   |
| <b>Solid Waste</b> – All rubbish will continue to be disposed of outside of the District.  | Access to Tirohia Landfill is discontinued.  | Low                  | Council has a 10 year contract so amount of risk is low. Tirohia also now has new resource consent so access beyond the 10 years is reasonably secure.  |

| Forecasting Assumptions - Activities  | Risk  | Level of Uncertainty | Reasons and Financial Effect of Uncertainty (if applicable)  |
|---|---|----------------------|--|
| <b>Landfill Closures</b> – Based on engineering estimates currently available, planned rehabilitation work and costs will be sufficient to meet the conditions of any resource consents.                | Consents may require a higher level of works to be undertaken.  | Medium               | Community expectations regarding environmental performance seem to be increasing.  |
|   | Tendered prices for construction works may exceed estimates.  | Medium               | A buoyant economy has led to surplus work for contractors leading to less competition between tenders, in turn leading to higher prices.   |
| <b>Rubbish Reduction</b> – Rubbish reduced by 20% (2002-2003 volumes) and maintained in relative terms.   | Relative reduction is not achieved over the 5 year implementation period.                                   | Medium               | Data for the first 6 months of the contract indicate diversion of around 6.5% of the waste stream.   |
| <b>Water &amp; Wastewater Demand</b> – Increases in demand over that forecasted for treated water or wastewater disposal will not significantly impact on either asset requirements or operating costs. | That development demand exceeds forecasts.  | Low to Medium        | Population and rateable property projections (based upon historical trends) tend to indicate that relatively high levels of growth are likely to continue into the future. If growth rates continue at present then it is possible that in some Wards/settlements growth may exceed the current projections. |
|   | That development slows down significantly.  | Low                  |  |
| <b>Drinking Water Standards</b> – Proposed drinking water standards will not be significantly changed from Draft DWNZS 2004.  | New standards are imposed requiring Council to invest significantly in additional water treatment upgrades. | Low                  | Draft DWNZS 2004 provides more flexibility regarding options to meet treatment standards.  |
| <b>Water Conservation</b> – Water conservation measures will be sufficient to counter the effects on demand arising from adverse drought conditions.  | Conservation measures are not sufficient to counter effects of a drought.                                   | High                 | Peak summer-time populations coincide with low flows in streams and rivers. A recent study has shown a close correlation between the number of rateable properties and peak population. The number of rateable properties on the Peninsula is projected to continue increasing in the foreseeable future.    |
|   |   |                      | Financial effect unable to be quantified.  |
| <b>Wastewater Treatment Plants</b> – Resource consents for major capital works will be obtained without undue delays.   | Resource consents are appealed to the Environment Court resulting in significant delays.                    | Medium               | Recent improvements to Court processes have sped appeal processes up.  |





## Appendix 1 - District Vital Statistics

## Vital Statistics – Our People and Assets

A selection of statistics that are relevant to the people and communities of the Thames-Coromandel District, and Council controlled assets, have been collated for the reader of this Plan.

| <b>Our People:</b>                                     |          |
|--|----------|
| Resident Population (2001 Census)                      | 25,176   |
| Estimated Resident Population (2003 June)              | 26,300   |
| Projected Population (2021)                            | 31,000   |
| Number of Households (2001)                            | 10,860   |
| Number of Dwellings (2001)                             | 19,848   |
| Estimated Number of Dwellings (Dec 2003)               | 20,854   |
| Average Personal Income (2001)                         | \$20,958 |
| Absentee owners (Part-time residents)                  | 52%      |
| Political Representatives (Council & Community Boards) | 33       |
| Staff (including casuals)                              | 165      |
| Communities  | 50+      |
| Number of rating Units                                 | 23,058   |

| <b>Our Assets:</b>                       |  |
|--|--|
| Fixed Asset Values                       | \$437m                                   |
| Storm water pipes                        | approx 229km                             |
| Parks and reserves                       | approx 1000ha                            |
| Length of coastline                      | 556km mainland<br>200km offshore islands |
| Solid waste                              | 14,761 tonne                             |
| Road network                             | 650km (260km unsealed)                   |
| Water & wastewater pipes                 | approx 650km                             |
| Footpaths (excluding parks and reserves) | 188km                                    |
| Bridges and large culverts               | 152                                      |
| Water supplies                           | 11 (9 urban, 2 rural)                    |
| Wastewater systems                       | 10                                       |
| Landfills (closed)                       | 25                                       |
| Refuse transfer stations                 | 7  |
| Litter bins                              | 571                                      |
| Libraries                                | 2  |
| Cemeteries (open)                        | 7  |
| Wharves                                  | 5  |
| Boat ramps                               | 23                                       |
| Air fields                               | 2  |
| Halls                                    | 11                                       |
| Swimming pool complex                    | 1  |
| Units for the Elderly                    | 7  |
| Public conveniences                      | 81                                       |

## Appendix 2 - Asset Management Plan Summary Statements

### Asset Management Planning

This section of the LTCCP provides introductory information on the assets that Council owns and manages and briefly outlines the purpose of asset management planning.

In the glossary of this Plan the word “asset” (sometimes referred to as “infrastructure”) is described as:

*“A resource controlled by Council, such as a park, road, stormwater system, water or wastewater plant.”*

The infrastructure of the District supports the economic and social fabric of modern living, which can be taken for granted until something fails or no longer provides the expected level of service.

For an economy to flourish basic infrastructure is needed to provide the foundation for the efficient distribution of services, particularly: transportation; telecommunications; energy; property; water supply; parks and reserves and sanitation.

Asset management planning helps to ensure the delivery of an optimum level of service for the needs of residents and ratepayers, both in the present and in the future. Asset management plans are defined in the glossary as being:

*“Plans that provide operational guidance concerning service standards, maintenance and capital costs for assets such as parks, roads, stormwater systems, water and wastewater plants.”*

The aim of asset management is to meet the desired levels of service in the most cost effective way through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets to provide for the present and future community.

The key elements of infrastructure asset management include: taking a lifecycle approach; developing cost-effective management strategies for the long-term; providing a defined level of service and monitoring performance; managing risks associated with asset failures; sustainable use of physical resources and continuous improvement in asset management practices.

### Asset Summaries

The following few pages provide a summary of Council assets as at 31 March 2004.

#### Community Facilities

Community facility assets range from the vegetative living environment to building and recreational structures. Council provides community facilities to provide for the recreational, social, cultural and civic amenity needs of residents and visitors to the district.

| Asset              | Quantity   |
|--------------------|--|
| Airfields          | 2 (both non-certified airfields)   |
| Cemeteries         | 7 open<br>6 closed cemeteries  |
| Halls              | 11   |
| Harbour Facilities | 23 boat ramps<br>6 jetties<br>7 pontoons<br>5 buildings<br>6 wharves                     |
| Land and Buildings | 4 office/administration buildings<br>100 (approx) properties for providing core services |
| Libraries          | 2  |

| Asset               | Quantity   |
|---------------------|--|
| Parks and Reserves  | 1000ha in total (approx)<br>550 ha recreation reserve (public parks, sport fields, etc)<br>450 ha other Council managed land (road berms & gardens, cemeteries, etc)<br>34 playgrounds<br>14 barbques<br>571 litter bins |
| Public Conveniences | 81   |
| Swimming Pools      | 1  |

### Wastewater

Council operates ten wastewater systems throughout the district for the collection, treatment and disposal of wastewater with an approximate asset value of \$60m. These systems serve approximately 17,700 wastewater discharge connections. Over three million cubic metres of wastewater are treated annually to cater for a resident population of around 19,000 (25,176 usual resident population for the Peninsula) and a holiday peak of around 106,000 people (142,000 peak holiday population for the Peninsula).

| Location           | Treatment system                               | Disposal system                        | Value <sup>1</sup><br>\$000's | Volume<br>m <sup>3</sup> |
|--------------------|--|--|-------------------------------|--------------------------|
| Thames             | Aeration and oxidation ponds                   | River discharge                        | 8,313                         | 1,500,000                |
| Coromandel         | Aeration pond and filtration                   | Stream discharge                       | 4,113                         | 172,172                  |
| Whitianga          | Aeration and retention ponds & sand filtration | Spray irrigation plus stream discharge | 8,591                         | 498,742                  |
| Matarangi          | Aeration and retention ponds & sand filtration | Evapo-transpiration beds               | 4,080                         | 82,214                   |
| Cooks Beach        | Aeration & retention ponds                     | Sprinkler irrigation                   | 9,259                         | 41,931                   |
| Hahei              | Aeration and retention ponds                   | Evapo-transpiration beds               | 687                           | 28,486                   |
| Pauanui/<br>Tairua | Aeration and retention ponds & filtration      | Soakage pits                           | 11,646                        | 325,999                  |
| Whangamata         | Aeration and retention ponds                   | Sprinkler irrigation                   | 11,893                        | 635,530                  |
| Onemana            | Primary oxidation ponds                        | Subsurface irrigation                  | 1,635                         | 39,241                   |
| Oamaru Bay         | On-site tanks & effluent to disposal system    | Subsurface irrigation                  | 389                           | 4,423                    |
| Totals             |  |  | 60,606                        | 3,328,728                |

The goal in Council's wastewater management plan is disposal of wastewater in a manner that minimises health risks, nuisances, and environmental degradation.<sup>2</sup> The desired outcome is protection of community health and safety, and the environment, through the provision and regulation of affordable wastewater services.

<sup>1</sup> Book value at 30 June 2003.

<sup>2</sup> On-site wastewater disposal systems, generally septic tanks, are the responsibility of the owners of the systems and Council only exercises regulatory control over the systems.

## Appendix 2 - Asset Management Plan Summary Statements

### Stormwater

This activity includes the costs that relate to the maintenance and operation of nine urban stormwater systems and the rural land drainage schemes. The urban systems include an extensive network of pipes, manholes, culverts, open channels, waterways, retention ponds, out-falls and flood gates with an approximate asset value of \$28m. Stormwater systems forming part of the roading network are maintained and accounted for within the transportation activity.

| Board Area     | Description of System  | Value \$000's <sup>3</sup> |
|----------------|--|----------------------------|
| Thames         | Reticulation system of open channel, pipes, culverts, and flood gates  | 8,096                      |
| Coromandel     | Mainly open channel with piped road crossings. Some modern subdivision work has piped systems  | 1,408                      |
| Mercury Bay    | Reticulation system of open channel, pipes, culverts and retention ponds   | 7,764                      |
| Tairua/Pauanui | Reticulation system of open channel, pipes, culverts and flood gates and, where possible soakage, to the aquifer is encouraged                   | 6,188                      |
| Whangamata     | Where possible soakage to the aquifer is encouraged. Reticulation system of open channel, pipes, culverts pump system and retention pond system. | 5,171                      |
| Totals         |  | 28,627                     |

While it is Council's role to ensure that the stormwater network continues to operate in a manner that minimises the effects of flood during times of rainfall, the urban stormwater network is not designed to deal with river flooding or seawater inundation, or stormwater which can be disposed of on-site.

<sup>3</sup> Book value at 1 June 2003.

### Water

Council operates and maintains nine urban water supply and reticulation schemes, two rural water supply schemes with an approximate asset value of \$40m. Over four million cubic metres of water is supplied annually to cater for a resident population of around 19,000 (25,176 usual resident population for the Peninsula) and a holiday peak of around 106,000 people (142,000 peak holiday population for the Peninsula).

The urban supply schemes vary from simple boreholes and run of river supplies to modern full conventional treatment plants including an extensive telemetric monitoring and control system.

| Location      | Type of Treatment                                 | Grading <sup>4</sup> |                | Value \$000's | Supply m <sup>3</sup> |
|---------------|---|----------------------|----------------|---------------|-----------------------|
|               |   | Plant                | Retcn          |               |                       |
| Thames        | Coagulation, settlement, filtration, disinfection | A                    | u              | 9,283         | 1,103,540             |
| Tairua        | Coagulation, filtration & disinfection            | B                    | d              | 3,062         | 280,732               |
| Whitianga     | Coagulation, filtration & disinfection            | C                    | a              | 8,775         | 955,597               |
| Pauanui       | Coagulation, filtration, disinfection             | U                    | b              | 4,009         | 238,071               |
| Coromandel    | Coagulation, filtration, disinfection             | A                    | a <sup>5</sup> | 3,462         | 305,696               |
| Matarangi     | Pre-chlorination & filtration                     | D                    | d              | 2,029         | 181,198               |
| Whangamata    | Disinfection                                      | B                    | a              | 6,481         | 839,621               |
| Onemana       | pH correction                                     | D                    | e              | 743           | 32,960                |
| Hahei         | Nil   | D                    | b              | 364           | 16,418                |
| <b>Rural</b>  |   |                      |                |               |                       |
| Thames Valley | Coarse screening                                  | U                    | u              | 1,213         | 193,027               |
| Matatoki      | Screening   | U                    | u              | 647           | 291,889               |
| Totals        |   |                      |                | 40,068        | 4,438,749             |

<sup>4</sup> The Ministry of Health has the following grades where the capital letter represents the grade for source and treatment, and the small letter represents the grade for distribution: Aa completely satisfactory; Bb satisfactory; Cc marginal; Dd unsatisfactory; Ee completely unsatisfactory; Uu ungraded.

<sup>5</sup> Provisional grading only.

### Transportation and Local Works

Thames-Coromandel District Council is responsible for the management of roading and traffic assets with a 2003 net book value of approximately \$218 million (including land value). Thames-Coromandel District Council roading assets make up the largest percentage of Thames-Coromandel District Council's infrastructure assets by value.

| Asset                              | Quantity | Value<br>\$000's |
|------------------------------------|----------|------------------|
| <b>Roads (kms)</b>                 |          | 199,157          |
| - Sealed                           | 390      |                  |
| - Unsealed                         | 260      |                  |
| - Total                            | 650      |                  |
| <b>Footpaths (kms)</b>             | 188      | 6,421            |
| Road Markings                      | 388km    |                  |
| Traffic Facilities (Railings)      | 742m     |                  |
| Street Lights (poles only)         | 1,162    |                  |
| <b>Kerb and Channel</b>            |          |                  |
| Kerb and Channel (concrete)        | 229,722m |                  |
| Kerb only                          | 61,525m  |                  |
| Mountable (concrete)               | 37,896m  |                  |
| <b>Bridges/Culverts/Structures</b> |          | 12,316           |
| Bridges                            | 120      |                  |
| Culverts >3,5m2                    | 36       |                  |
| Fords                              | 24       |                  |
| Catchpits                          | 2,815    |                  |
| Drains                             | 29.9km   |                  |
| Road berms                         | 641ha    |                  |
| Total                              |          | 217,894          |

The roading activity is primarily concerned with the maintenance, operation and management of the district roading network, vegetation control, road marking, signage, street lighting and road safety.

**Note:** further information on any of the asset information contained in these tables can be obtained from Council upon request.



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## Appendix 3 - Statements of Service Performance

### Statements of Service Performance 2004/05 to 2013/14

There are a number of measures and targets that the Council currently uses to assess organisational performance. Performance is measured against Council agreed 'objectives' in the areas of:

- Community Leadership
- Community Facilities
- Managing the Environment
- Community Safety and Welfare
- Roding
- Water and Waste

These measures and targets have been used for a number of years and it is intended to review and update these so that they are more in line with the new directions signalled by Council in this LTCCP, and to help measure Council's contribution toward achieving community outcomes. In the meantime, targets have been set for the next three financial years as well as for the 2009/10 and 2013/14 financial years.

## Community Leadership

| Objective   | Measure  | 2004/05    | 2005/06    | 2006/07    | 2009/10    | 2013/14    |
|---|--|------------|------------|------------|------------|------------|
| Conduct council and community board business in an open and accountable manner. | Percentage of agenda items where public excluded:  |            |            |            |            |            |
|   | <ul style="list-style-type: none"> <li>Council</li> <li>Community Boards</li> </ul>  | 10%<br>3%  | 10%<br>3%  | 10%<br>3%  | 10%<br>3%  | 10%<br>3%  |
|   | Percentage of residents and ratepayers generally satisfied with council and community board performance in respect of openness, consultation and level of advocacy.  |            |            |            |            |            |
|   | <b>Council</b> <ul style="list-style-type: none"> <li>Percentage satisfied with overall performance of Council.</li> <li>Percentage satisfied with performance of Mayor and Councillors in previous six (6) months.</li> </ul> | 85%<br>70% | 85%<br>70% | 85%<br>70% | 90%<br>80% | 90%<br>80% |
|   | <b>Community Boards</b> <ul style="list-style-type: none"> <li>Percentage satisfied with overall performance of Community Boards.</li> </ul>   | 60%        | 70%        | 80%        | 90%        | 90%        |
| Cost effective community leadership and provision of council services.          | Cost of community leadership per rating unit.  | \$226.87   | \$216.19   | \$194.11   | \$189.56   | \$178.16   |
|   | Gross cost of all council services per rating unit.  | \$1,795    | \$1,764    | \$1,812    | \$1,795    | \$1,689    |
|   | Percentage of residents and ratepayers satisfied with services/facilities provided:  |            |            |            |            |            |
|   | <ul style="list-style-type: none"> <li>Parks and reserves</li> </ul>   | 86%        | 87%        | 90%        | 90%        | 90%        |
|   | <ul style="list-style-type: none"> <li>Beautification and landscaping</li> </ul>   | 76%        | 80%        | 80%        | 85%        | 85%        |
|   | <ul style="list-style-type: none"> <li>Rubbish collection</li> </ul>   | 85%        | 90%        | 92%        | 95%        | 95%        |
|   | <ul style="list-style-type: none"> <li>Roads</li> </ul>  | 76%        | 77%        | 78%        | 79%        | 80%        |
|   | <ul style="list-style-type: none"> <li>Public toilets</li> </ul>   | 71%        | 75%        | 80%        | 85%        | 85%        |
|   | <ul style="list-style-type: none"> <li>Stormwater dispersal</li> </ul>   | 61%        | 62%        | 63%        | 64%        | 65%        |
|   | <ul style="list-style-type: none"> <li>Footpaths</li> </ul>  | 61%        | 62%        | 63%        | 64%        | 65%        |
|   | <ul style="list-style-type: none"> <li>Wastewater</li> </ul>   | 75%        | 75%        | 75%        | 80%        | 80%        |
|   | <ul style="list-style-type: none"> <li>Water supplies</li> </ul>   | 65%        | 70%        | 72%        | 80%        | 85%        |
|   | <ul style="list-style-type: none"> <li>Public libraries</li> </ul>   | 56%        | 57%        | 58%        | 59%        | 60%        |
|   | <ul style="list-style-type: none"> <li>Building and resource consents</li> </ul>   | 46%        | 47%        | 48%        | 49%        | 50%        |
|   | Percentage satisfied with how council allocates funds/rates to be spent on the services and facilities provided.   | 70%        | 70%        | 70%        | 75%        | 80%        |

### Appendix 3 - Statements of Service Performance

#### Community Facilities

| Objective  | Measure   | 2004/05                 | 2005/06                 | 2006/07                 | 2009/10                 | 2013/14                 |
|--|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Parks and reserves are maintained in accordance with contract standards. | Requests for service:<br><ul style="list-style-type: none"> <li>Maintenance</li> <li>Repeat requests</li> <li>Percentage of requests for service responded to within contract timeframes.</li> </ul>                | 200<br>5<br>100%        | 150<br>5<br>100%        | 140<br>0<br>100%        | 100<br>0<br>100%        | 100<br>0<br>100%        |
| Civic amenities are maintained in accordance with contract standards.    | Requests for service:<br><ul style="list-style-type: none"> <li>Total</li> <li>Maintenance</li> <li>Repeat requests</li> <li>Percentage of requests for service responded to within contract timeframes.</li> </ul> | 155<br>100<br>10<br>90% | 150<br>100<br>10<br>90% | 150<br>100<br>10<br>90% | 140<br>100<br>10<br>90% | 125<br>100<br>10<br>90% |
| Increased use of civic amenities.  | Number of library issues:<br><ul style="list-style-type: none"> <li>Thames library</li> </ul>   | 136,000                 | 137,000                 | 137,500                 | 138,000                 | 139,000                 |
|  | Patronage at swimming pool:<br><ul style="list-style-type: none"> <li>Thames pool</li> </ul>  | 35,000                  | 35,000                  | 40,000                  | 41,000                  | 42,000                  |
|  | Percentage use of available hall hours:<br><ul style="list-style-type: none"> <li>Thames Hall</li> <li>Whangamata Hall</li> </ul>   | 29%<br>33%              | 30%<br>34%              | 31%<br>35%              | 32%<br>38%              | 32%<br>40%              |
|  |   |                         |                         |                         |                         |                         |
| Commercial land and buildings is cost effectively managed.               | Percentage recovery of costs from occupants.  | 95%                     | 95%                     | 95%                     | 95%                     | 95%                     |
| Costs are controlled.  | Gross cost of service per rating unit.  | \$274.61                | \$254.72                | \$247.66                | \$244.80                | \$232.58                |

**Managing the Environment**

| Objective   | Measure  | 2004/05 | 2005/06 | 2006/07 | 2009/10 | 2013/14 |
|---|--|---------|---------|---------|---------|---------|
| To manage stormwater and related hazards such that stormwater volume from a 5-year event is collected and dispersed safely. | Number of flood management plans in place for sites/settlements with a history of flooding (18 priority sites have been identified). | 5       | 7       | 9       | 12      | 18      |
| Efficient processing of resource consents as required by statute.   | Percentage of completed non notified resource consent applications processed within 18 working days:                                 |         |         |         |         |         |
|   | • Number processed   | 600     | 610     | 620     | 650     | 700     |
|   | • Percentage processed within timeframes.  | 70%     | 70%     | 70%     | 70%     | 70%     |
|   | Percentage recovery of processing resource consent costs from applicants.  | 50%     | 50%     | 50%     | 50%     | 50%     |
|   | Number of organised meetings with professionals and tradespersons to discuss quality improvement.                                    | 2       | 2       | 2       | 2       | 2       |
| Control cost  | Gross cost of services per rating unit   | \$90.81 | \$83.66 | \$81.86 | \$77.98 | \$72.88 |

## Appendix 3 - Statements of Service Performance

### Community Safety and Welfare

| Objective   | Measure   | 2004/05 | 2005/06 | 2006/07 | 2009/10 | 2013/14 |
|---|---|---------|---------|---------|---------|---------|
| Efficient processing of building consents as required by statute. | Percentage of total complete building consent applications processed.   |         |         |         |         |         |
|   | • Number processed.   | 1,600   | 1630    | 1660    | 1750    | 1870    |
|   | • Fast Track applications within 5 working days (demolition, fireplaces, internal alterations and additions - up to \$5000) | 95%     | 95%     | 95%     | 95%     | 95%     |
|   | • Minor consents within 7 working days (garages, carports, swimming pools, decks, shade sails, farm buildings).             | 95%     | 95%     | 95%     | 95%     | 95%     |
|   | • All other applications within 9 working days.   | 90%     | 90%     | 90%     | 90%     | 90%     |
|   | Percentage recovery of processing building consent costs from applicants.   | 70%     | 70%     | 70%     | 70%     | 70%     |
| Control cost.   | Gross cost of building control services per rating unit   | \$73.00 | \$74.07 | \$70.49 | \$66.16 | \$61.88 |
| Issue of licences as required by statute.                         | Percentage of recorded dogs in the district still unregistered.   | 0       | 0       | 0       | 0       | 0       |
|   | Percentage recovery of dog control costs from applicant.  | 50%     | 50%     | 50%     | 50%     | 50%     |
|   | Number of recorded registered premises operating without a liquor licence.  | 0       | 0       | 0       | 0       | 0       |
|   | Number of recorded unlicensed liquor premises or managers operating within the district.                                    | 0       | 0       | 0       | 0       | 0       |
|   | Percentage recovery of liquor license costs from applicants.  | 70%     | 70%     | 70%     | 70%     | 70%     |
|   | Number of recorded registered premises operating without a health license.  | 0       | 0       | 0       | 0       | 0       |
|   | Percentage recovery of registered premises health license costs from applicants.  | 70%     | 70%     | 70%     | 70%     | 70%     |
| Control cost.   | Gross cost of health and liquor services per rating unit.   | \$50.53 | \$50.17 | \$49.70 | \$47.50 | \$43.30 |



## Roading

| Objective  | Measure   | 2004/05  | 2005/06  | 2006/07  | 2009/10  | 2013/14  |
|--|---|----------|----------|----------|----------|----------|
| Transportation network is appropriately maintained.<br><br><i>NAASRA count indicators are used nationally to indicate a level of comfort and smoothness of ride. Any drop in grading may indicate deterioration in the maintenance of the network. The count indicators are:<br/>           Good up to 80<br/>           Fair 80 to 120<br/>           Poor over 120</i> | Percentage of work performed to contract standards that meet Transfund standards. | 100%     | 100%     | 100%     | 100%     | 100%     |
|  | Percentage of sealed roading network resealed.                                    | 8%       | 10%      | 10%      | 10%      | 10%      |
|  | Percentage of sealed roading network rehabilitated.                               | 2.4%     | 2.4%     | 2.4%     | 2.4%     | 2.4%     |
|  | Cubic metres of metal required to replenish and maintain unsealed roads.          | 20,000   | 20,000   | 20,000   | 20,000   | 20,000   |
|  | Average roughness of sealed urban roads based on NAASRA count.                    | 120      | 120      | 120      | 120      | 120      |
|  | Average roughness of sealed rural roads based on NAASRA count.                    | 95       | 95       | 95       | 95       | 95       |
|  | \$ value of major projects carried over.  | 0        | 0        | 0        | 0        | 0        |
|  | Satisfaction with level of service as measured by surface of defect index (FNRA). | 1.5      | 1.5      | 1.5      | 1.5      | 1.5      |
| Improve road safety and contain or reduce the current level of accidents on the district network.  | Accident black spots.   | 0        | 0        | 0        | 0        | 0        |
|  | Number of reported injury accidents (excludes State Highways).                    | 35       | 35       | 35       | 35       | 35       |
|  | Number of reported fatal accidents (excludes State Highways).                     | 0        | 0        | 0        | 0        | 0        |
| Maintain availability of the transportation network.   | Requests for service:   |          |          |          |          |          |
|  | Total   | 1,750    | 1,750    | 1,750    | 1,750    | 1,750    |
|  | Relating to pavement defects  | 250      | 250      | 250      | 250      | 250      |
|  | Relating to vegetation  | 200      | 200      | 200      | 200      | 200      |
|  | Relating to footpaths   | 100      | 90       | 80       | 70       | 70       |
|  | Repeat requests   | 12       | 12       | 12       | 12       | 12       |
| Costs of maintaining the transportation network are controlled.  | Percentage of requests for service responded to within contract timeframes.       | 90%      | 80%      | 70%      | 70%      | 70%      |
|  | Gross cost of services per rating unit.   | \$386.38 | \$362.82 | \$359.48 | \$361.15 | \$357.64 |
|  | Net costs of service per rating unit.   | \$130.03 | \$175.16 | \$150.66 | \$165.64 | \$171.80 |
|  | Gross cost of activity per 1000 vehicle kilometres travelled.                     | \$111.80 | \$105.43 | \$104.91 | \$105.03 | \$103.74 |

## Appendix 3 - Statements of Service Performance

### Water and Waste - Wastewater

| Objective  | Measure  | 2004/05  | 2005/06  | 2006/07  | 2009/10  | 2013/14  |
|--|--|----------|----------|----------|----------|----------|
| Continuous provision of wastewater disposal services to meet the needs of those residents connected to a council system.     | Requests for service:  |          |          |          |          |          |
|  | • Total  | 220      | 220      | 220      | 220      | 220      |
|  | • Relating to smells   | 20       | 20       | 20       | 20       | 20       |
|  | • Repeat requests  | 5        | 5        | 5        | 5        | 5        |
|  | • Percentage of requests for service responded to within contract timeframes.                                    | 80%      | 85%      | 90%      | 90%      | 90%      |
|  | Number of blockages per 1000 connections.  | 15       | 13       | 12       | 10       | 10       |
|  | Percentage of customers satisfied with level of service.   | 70%      | 75%      | 75%      | 80%      | 80%      |
| Ensure long-term availability of the system through planned maintenance and reduction in stormwater inflow and infiltration. | Percentage of all capital projects completed.  | 100%     | 100%     | 100%     | 100%     | 100%     |
|  | \$ value of projects carried over.   | 0        | 0        | 0        | 0        | 0        |
|  | Volume of stormwater infiltration/inflow measured during wet and dry days, expressed as a ratio of wet over dry: |          |          |          |          |          |
|  | Thames   | 6:1      | 6:1      | 6:1      | 5:1      | 4:1      |
|  | Coromandel   | 6:1      | 6:1      | 6:1      | 5:1      | 4:1      |
|  | Matarangi  | 6:1      | 5:1      | 5:1      | 4:1      | 4:1      |
|  | Whitianga  | 6:1      | 4:1      | 4:1      | 4:1      | 4:1      |
|  | Cooks Beach  | 6:1      | 6:1      | 6:1      | 5:1      | 4:1      |
|  | Hahei  | 15:1     | 12:1     | 10:1     | 6:1      | 4:1      |
|  | Tairua/Pauanui   | 6:1      | 6:1      | 6:1      | 5:1      | 4:1      |
| Minimise adverse environmental impact.   | Onemana  | 20:1     | 15:1     | 10:1     | 6:1      | 4:1      |
|  | Whangamata   | 6:1      | 4:1      | 4:1      | 4:1      | 4:1      |
|  | Compliance with existing resource consents in respect of:  |          |          |          |          |          |
|  | Quantity (%)   | 100%     | 100%     | 100%     | 100%     | 100%     |
|  | Quality (%)  | 100%     | 100%     | 100%     | 100%     | 100%     |
| Costs are controlled.  | Gross cost of service per pan.   | \$251.26 | \$245.16 | \$284.69 | \$206.84 | \$130.00 |

**Water and Waste - Stormwater**

| <b>Objective</b>  | <b>Measure</b>   | <b>2004/05</b> | <b>2005/06</b> | <b>2006/07</b> | <b>2009/10</b> | <b>2013/14</b> |
|---|--|----------------|----------------|----------------|----------------|----------------|
| To manage stormwater and related hazards such that stormwater volume from a 5-year event is collected and dispersed safely. | Percentage of catchment area management plans in place for serviced catchment areas. | 75%            | 80%            | 90%            | 100%           | 100%           |
|   | Percentage of requests for service responded to within contracted timeframes.        | 80%            | 85%            | 90%            | 90%            | 90%            |
|   | Number of repeat requests.   | 5              | 5              | 5              | 5              | 5              |
| Infrastructure is maintained in perpetuity.   | Percentage of all capital projects completed.  | 100%           | 100%           | 100%           | 100%           | 100%           |
|   | \$ value of projects carried over.   | 0              | 0              | 0              | 0              | 0              |
|   | Percentage compliance with conditions of resource consents.                          | 100%           | 100%           | 100%           | 100%           | 100%           |
| Costs are controlled.   | Gross cost of service per urban rating unit.   | \$92.30        | \$82.74        | \$87.03        | \$72.19        | \$51.03        |

## Appendix 3 - Statements of Service Performance

### Water and Waste - Water

| Objective   | Measure  | 2004/05                          | 2005/06                          | 2006/07                          | 2009/10                          | 2013/14                          |
|---|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Continuous provision of potable water to meet the needs of those residents connected to a council supply system (excluding rural supplies).<br><br><i>(The Ministry of Health has the following grades where the capital letter represents the grade for source and treatment, and the small letter represents the grade for distribution:</i><br><br><i>Aa completely satisfactory</i><br><i>Bb satisfactory</i><br><i>Cc marginal</i><br><i>Dd unsatisfactory</i><br><i>Ee completely unsatisfactory</i><br><i>Uu ungraded)</i> | Requests for service: <ul style="list-style-type: none"> <li>Total</li> <li>Quality issues</li> <li>Availability of service</li> <li>Repeat requests</li> <li>Percentage of requests for service responded to within contract timeframes.</li> </ul> | 1,600                            | 1,600                            | 1,600                            | 1,600                            | 1,600                            |
|   |  | 60                               | 60                               | 60                               | 60                               | 60                               |
|   |  | 60                               | 60                               | 60                               | 60                               | 60                               |
|   |  | 5                                | 5                                | 5                                | 5                                | 5                                |
|   |  | 80%                              | 85%                              | 90%                              | 90%                              | 90%                              |
|   | Number of reticulation shutdowns resulting in loss of supply for more than four hours.   | 5                                | 5                                | 5                                | 5                                | 5                                |
|   | Attain Ministry of Health grade at level set by community:   |                                  |                                  |                                  |                                  |                                  |
|   | Thames   | Aa                               | Au                               | Aa                               | Aa                               | Aa                               |
|   | Tairua   | Bd                               | Bd                               | Bd                               | Aa                               | Aa                               |
|   | Whitianga  | Ca                               | Ba                               | Aa                               | Aa                               | Aa                               |
| Maintain water pressure in supply areas to meet fire fighting needs.  | Pauanui<br>Coromandel<br>Matarangi<br>Onemana<br>Whangamata<br>Hahei   | Ub<br>Aa<br>Dd<br>De<br>Ba<br>Dd | Ub<br>Aa<br>Dd<br>De<br>Ba<br>Dd | Ub<br>Aa<br>Aa<br>Aa<br>Ba<br>Aa | Aa<br>Aa<br>Aa<br>Aa<br>Aa<br>Aa | Aa<br>Aa<br>Aa<br>Aa<br>Aa<br>Aa |
|   | Percentage of customers satisfied with level of service.   | 65%                              | 70%                              | 72%                              | 80%                              | 85%                              |
|   | Percentage of hydrants meeting New Zealand Fire Service Code of Practice.  | 90%                              | 92%                              | 95%                              | 100%                             | 100%                             |
|   | Percentage of all capital projects completed.  | 100%                             | 100%                             | 100%                             | 100%                             | 100%                             |
|   | \$ Value of projects carried over  | 0                                | 0                                | 0                                | 0                                | 0                                |
|   | Percentage unaccounted water:  |                                  |                                  |                                  |                                  |                                  |
|   | Thames   | 25%                              | 25%                              | 25%                              | 25%                              | 25%                              |
|   | Pauanui  | 25%                              | 25%                              | 25%                              | 25%                              | 25%                              |
|   | Coromandel   | 25%                              | 25%                              | 25%                              | 25%                              | 25%                              |
|   | Average annual consumption (m <sup>3</sup> ) per connection:   |                                  |                                  |                                  |                                  |                                  |
| Ensure long term availability and sustainability of services.   | Total District   | 290m3                            | 290m3                            | 290m3                            | 290m3                            | 290m3                            |
|   | Percentage compliance with resource consent conditions/water permit conditions:  |                                  |                                  |                                  |                                  |                                  |
|   | Quantity drawn   | 100%                             | 100%                             | 100%                             | 100%                             | 100%                             |
|   | Other  | 100%                             | 100%                             | 100%                             | 100%                             | 100%                             |
|   | Costs are controlled.  |                                  |                                  |                                  |                                  |                                  |
|   | Gross cost of service per connection.  | \$254.94                         | \$262.34                         | \$282.48                         | \$238.78                         | \$155.96                         |

**Water and Waste - Solid Waste**

| Objective   | Measure  | 2004/05  | 2005/06  | 2006/07  | 2009/10  | 2013/14 |
|---|--|----------|----------|----------|----------|---------|
| Enable a timely and affordable refuse collection service in designated areas and in accordance with contract standards. | Cost of refuse collection per targeted rate for solid waste collection and recycling.    | \$112.13 | \$103.82 | \$96.09  | \$76.01  | \$55.35 |
|   | Requests for service:  |          |          |          |          |         |
|   | • Total  | 600      | 600      | 600      | 600      | 600     |
|   | • Non-collection of refuse   | 305      | 300      | 300      | 295      | 295     |
| Dispose of solid waste efficiently and with no adverse impact on the environment.                                       | • Repeat requests  | 33       | 32       | 32       | 32       | 32      |
|   | • Percentage of requests for service responded to within contract timeframes.            | 92%      | 95%      | 95%      | 95%      | 95%     |
|   | Percentage of customers satisfied with level of service.                                 | 86%      | 90%      | 92%      | 95%      | 95%     |
|   | Cost of solid waste disposal per targeted rate for solid waste collection and recycling. | \$184.12 | \$174.25 | \$164.87 | \$131.55 | \$94.45 |
| Effective waste management.   | Number of breaches of established resource consents.                                     | 0        | 0        | 0        | 0        | 0       |
|   | Reduced volumes of waste to landfill:  |          |          |          |          |         |
|   | • Total tonnes (000)   | 11,193   | 11,040   | 10,938   | 11,219   | 12,236  |
|   | • Average kg per rating unit   | 468      | 454      | 442      | 430      | 430     |



## Appendix 4 - Glossary of Terms Used

## Appendix 4 - Glossary of Terms Used

**Activity:** Goods or services provided by or on behalf of Council. Council participates in 29 activities (eg. 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 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.

**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.

**Council Organisation:** Any organisation in which Council owns or controls any proportion of voting rights or has the right to appoint one or more 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 Council 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 has no CCOs at the present time.

**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:** 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.

**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.

**Long-Term Council Community Plan (LTCCP):** A ten-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.

**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.

**Significance:** The degree of importance attached by Council to an issue, proposal, decision or other matter in terms of its likely impact on the wellbeing 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 to distribute a draft document to the public and to receive and consider public submissions before making final decisions.

**Statutory Requirements:** Requirements identified and defined in law.

**Strategic Plan:** Long-term strategy for the District approved by Council.

**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 Transfund guidelines.

