



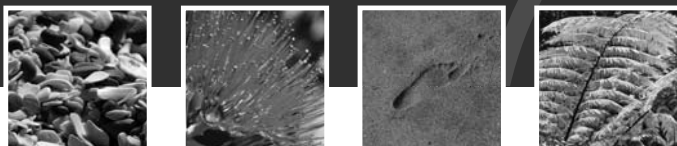
POLICIES

VOLUME TWO LONG-TERM COUNCIL COMMUNITY PLAN 2009-2019

**Policies in Volume Two of this LTCCP
have been amended**

Refer to "LTCCP Amendments" chapter in Policies,
Volume 2, pg. 105 of this LTCCP





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INTRODUCTION

This volume of the LTCCP includes information on the Council's policies that have been developed to meet the requirements of the Local Government Act 2002 and summaries of the Council's Waste Management Plan, Assessment of Water and Sanitary Services and Land Transport Programme.

Revenue and Financing Policy

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

Funding Impact Statement

The Funding Impact Statement details the rating system and rating mechanisms. It also includes the rates set for 2009/10.

Liability Management Policy

The Liability Management Policy explains the Council's approach to managing its liabilities and the ways in which associated risks are managed.

Investment Policy

The Investment Policy outlines the Council's approach to managing investments.

Development Contributions Policy

This policy sets out the financial contributions that will be required when development occurs. The financial contributions relate directly to the assumed cost of development on current and future infrastructural works.

Policy on Determining Significance

This policy outlines the Council's general approach to determining the significance of proposals and/or

decisions. The policy includes details on the criteria, thresholds and procedures to be followed in determining significance. It also includes details of the Council's strategic assets and significant activities.

Policy on Partnerships between the Council and the Private Sector

This policy outlines under what circumstances the Council will enter into partnership arrangements with private businesses, what conditions will be imposed and what consultation will take place.

Remissions and Postponement Policies

These Policies cover a number of issues and address how and when the Council may consider it appropriate to assist by providing rates relief through remission of rates. These specific issues include:

- Rating unit affected by calamity
- Residential land in commercial, industrial or rural areas
- Uniform Annual General Charge and Targeted Rates in certain circumstances
- Penalties on unpaid rates
- Water-by-meter rates due to leak detection
- Educational institutions sewage (pan) charges
- Extreme financial hardship
- Outstanding rates and penalties on undeveloped sections

Policy on the Remission and Postponement of Rates on Māori Freehold Land

This policy outlines how the Council will deal with applications for the remission and postponement of rates on Māori freehold land.

Sustainability Programme - Supporting Sustainable Development

This sets out the Council's approach to sustainable development and the programme that it intends to put into place to develop a sustainability strategy, action plans and initiatives.

Building Māori Capacity to Contribute to Council Decision Making

Information is included on how the Council will provide opportunities for Māori to contribute to Council's decision making and how the Council will foster development of Māori capacity to contribute to the Council's decision-making.

Summary of the Waste Management Plan

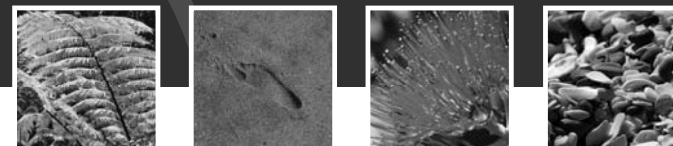
The Local Government Act 2002 requires the Council to include a summary of its Waste Management Plan in the LTCCP.

Summary of the Assessment of Water and Sanitary Services

The Council undertook an assessment of water and sanitary services across the District and a summary of this assessment is included in this section.

Land Transport Programme

This section contains information on the Bay of Plenty Regional Land Transport Programme and the land transport activities from the regional plan that are specific to the Whakatane District.



REVENUE AND FINANCING POLICY

BACKGROUND

The Revenue and Financing Policy describes who pay's for the Council's activities and how these will be funded.

The Local Government Act 2002 (the Act) sets out the requirement for a Revenue and Financing Policy in two sections, as follows:

- Section 101(3) deals with the considerations that Council must take into account when developing a Revenue and Financing Policy.
- Section 103 requires a council to state the funding sources for both operating and capital expenditure.

POLICY CONSIDERATIONS

Section 101(3)(a) of the Act requires local authorities to demonstrate how they have considered the following:

- **Community outcomes** - the community outcomes to which the activity primarily contributes (in other words your rationale for service delivery).
- The **user/beneficiary pays principle** – the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.
- The **intergenerational equity principle** – the period in or over which those benefits are expected to accrue.
- The **exacerbator pays principle** – the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity, and

- The **costs and benefits**, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

The Council has considered each activity in respect of the above matters. These considerations are summarised in the tables within this policy.

FUNDING TOOLS

Section 103 of the Act requires local authorities to state the funding tools used to fund operational and capital expenditure.

While operating expenditure must be funded from revenue, capital expenditure may be funded from financing tools such as borrowing or loans which will need to be repaid from revenue.

The following funding tools will be used by the Council to fund its activities.

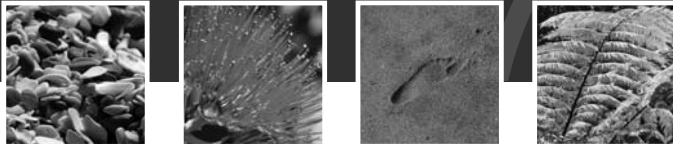
- **General Rates** - Including Uniform Annual General Charge. This is usually used to recover public good.
- **Targeted rates** - Any other rate includes, Uniform Annual Changes, rate set on a differential on value, rates set over an area of benefit and rates for a service or for an activity. This can be used for both private good and public good.
- **Lump sum contributions** - For the recovery of specific capital expenditure, otherwise loan funded (optional for ratepayer). These must have a high component of private good as they are paid by ratepayers for capital.
- **Fees and charges** - Any fee, recovery fine or charge made to the Council for service or activity. Must have a high component of private good.

- **Interest and dividends from investments** - Income from an investment. This would be generally public good.
- **Borrowing** - Loans, both short term and long term. This is a funding tool and does not need a split between public and private good as it is only deferring the eventual charge.
- **Proceeds from asset sales** - The proceeds from assets sales will be applied to reduce debt either within the activity from which the sale arose or by Council allocating the surplus to a specific activity.
- **Development contributions** - To levy these there must be a specific policy, however the revenue and financing policy must signal why these are going to be levied. This must have a high component of private good.
- **Grants and subsidies** - Income from external funding entity. These generally would be of a public good however this can depend on the purpose or source of the grant or subsidy.
- **Any other source** - Anything else that that is legal, however does include the use of Council created reserves.

FUNDING PHILOSOPHY

As part of the overall Revenue and Financing Policy the Council has adopted the following philosophy for the apportionment of funding:

- Where services and the users of those services can be clearly defined, the users should contribute towards the cost of providing those services in proportion to their level of use; and



- Where services are provided to particular parts of the District, the cost of those services should be met through rates charged to that part of the District the services are provided to; and
- Where the users or the level of use of services cannot easily be defined then everyone should pay the same.
- The Council is often restricted in recovering the costs of activities from the users because of the inability to identify the appropriate users or restrictions within legislation. When this occurs the Council uses the taxation principles and has applied capital value as the rating base.

CONSIDERATION OF WELL-BEINGS

Section 101(3)(b) of the Act requires local authorities to demonstrate how they have considered the following:

- 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.

As part of the development of this LTCCP the Council undertook a rating review process which considered the impact of rates allocations on the four wellbeings.

In addition to the funding tools set out in this policy, the Council has proposed a number of rating and postponement policies.

In developing these policies Council has considered the overall impact on the community and the long-term objectives of the district.

This policy gives effect to Section 101(3)(b) by considering the four wellbeings as follows:

Social:

- While the Council's general funding philosophy is one of user pays, where activities are considered to have a high social or recreational value the Council has taken a low user pays approach. For example this includes safer communities, libraries, museum and gallery, sports-fields, parks and reserves. This approach seeks to ensure access to these facilities across all members of the community.
- The Council has also developed a number of remission and postponement policies that consider the liability for the cost of an activity and provide for rates relief where it is considered fair and reasonable to do so. The Council also acknowledges the role of central government with its rates rebates scheme.
- The Council is aware that any change to the level of uniform annual charges and UAGC results in changing the incidence of rating. This is where there can be a transfer of total rates paid from high-value properties to lower value properties, or vice versa, depending on the total uniform annual charges levied. The Council considers that the incidence of rating as proposed in this LTCCP 2009-19 provides a fair balance between the different sectors of the community.

Economic:

- The Council has adopted a funding philosophy that is primarily based on user pays where the user of the service can be identified and the level of use can be identified. The Council recognises that user pays places liability for the cost of an

activity on to an individual, organisation or area within the District which affects their economic wellbeing. However, the Council believes that this is fairer to the community as a whole and encourages more efficient use of Council resources. It should be noted that under the Council's philosophy where users of the level of service cannot be easily identified, then everyone will pay the same.

- The Council also specifically undertakes certain activities such as funding to Toi EDA (a Council Controlled Organisation) to support the economic wellbeing of the District.

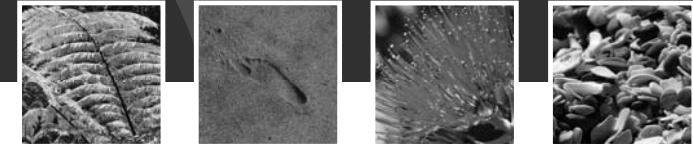
Cultural:

- To preserve the cultural value of Māori land, the Council has developed a policy on the remission and postponement of rates on Māori Freehold Land. A number of objectives of this policy align with cultural wellbeing including; to recognize where land has been set aside for cultural purposes; to avoid further alienation of Māori freehold land; and, to support the traditional relationship of Kaitiakitanga.

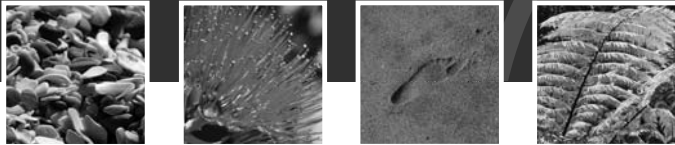
Environmental:

- By identifying exacerbators the Council will recover, where possible, costs against those who pollute the environment. This includes targeted rates and/or fees and charges for storm water, waste water, refuse collection and processing. It also identified that there is a public good element in maintaining a clean environment and a proportion of these costs are funded from general rates.

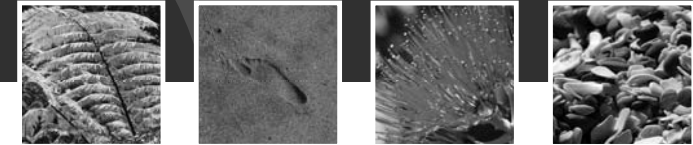
REVENUE AND FINANCING POLICY



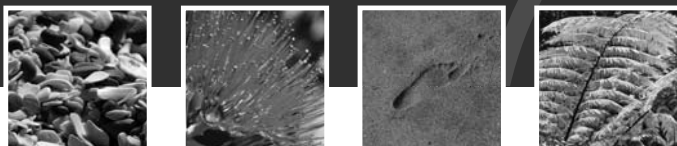
ACTIVITIES	PRIMARY COMMUNITY OUTCOME(S)	RATIONAL FOR ALLOCATION	PUBLIC %	PRIVATE %	CONSIDERATIONS				FUNDING TOOLS	
					USER PAYS	BENEFITS OVER TIME	EXACERBATOR	COSTS AND BENEFITS	OPERATIONAL	CAPITAL
Governance	Strong transparent and open leadership	The Governance activity is to provide for the democratic process, political structure for the benefit of the whole community.	100	0	Nil	Nil	Nil	Nil	General rates and Targeted rates	Nil
Community Support	Strong transparent and open leadership	The activity provides support to organisations and groups promoting the wellbeing of the residents of the district	100	0	Nil	Nil	Nil	Nil	General rates	Nil
Strategy and Policy	Strong transparent and open leadership	This activity provides the framework for the future direction of the community and district	100	0	Nil	Nil	Nil	Nil	General rates	Nil
Financially Assisted Roading	High-quality affordable infrastructure Prosperous economy	To provide and maintain a network of roads and infrastructure for the safe and efficient movement of goods, services and people throughout the district which is of private benefit.	0	100	M	M	L	M	Targeted rates Grants and subsidies	Targeted rates Grants and subsidies Development contributions Operating and capital reserves Borrowings



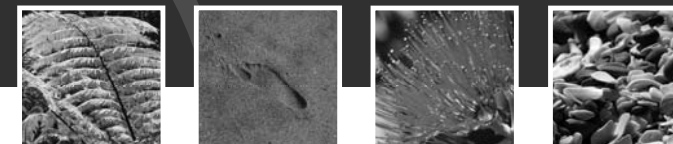
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					USER PAYS	BENEFITS OVER TIME	EXACERBATOR	COSTS AND BENEFITS	OPERATIONAL	CAPITAL
Non Financially Assisted Roading	High-quality affordable infrastructure Prosperous economy	To provide and maintain a network of roads and infrastructure for the safe and efficient movement of goods, services and people throughout the district which is of private benefit. This activity that does not receive government funding	0	100	M	M	L	M	Targeted rates	Targeted rates Development contributions Operating and capital reserves Borrowings
Special Purpose Roads	High-quality affordable infrastructure Prosperous economy	Under this activity roading with the classification of special purpose is provided and maintained for the safe and efficient movement of goods, services and people throughout the district which is of private benefit. This activity receives 100% government subsidy.	0	100	M	M	L	M	Targeted rates Grants and subsidies	Targeted rates Grants and subsidies Development contributions Operating and capital reserves Borrowings



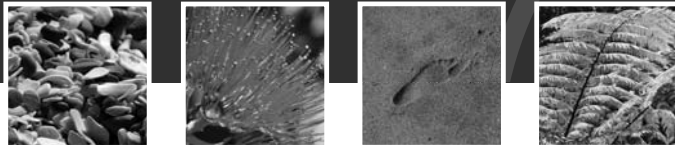
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					USER PAYS	BENEFITS OVER TIME	EXACERBATOR	COSTS AND BENEFITS	OPERATIONAL	CAPITAL
Road Safety	High- quality affordable infrastructure Safe caring community	This activity contributes to the safety of goods, services and people using the roading network	20	80	L	M	M	L	Targeted rates Grants and subsidies	Nil
Parking Enforcement	High-quality affordable infrastructure Prosperous economy	The activity ensures the wise use and management of public parking areas by regulating and monitoring restrictions on the use of this space. The cost of the activity is recovered by fines on the exacerbators	0	100	M	L	H	L	Fees and charges	Fees and charges
Stormwater	High-quality affordable infrastructure Clean protected environment	The activity protects private property from inundation	0	100	L	H	L	L	Targeted rates Fees and charges	Targeted rates Development contributions Operating and capital reserves Borrowings



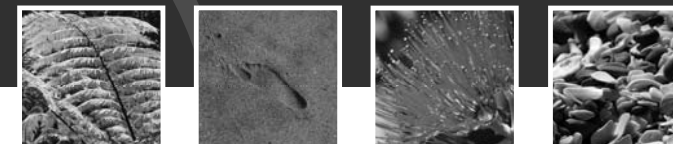
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					USER PAYS	BENEFITS OVER TIME	EXACERBATOR	COSTS AND BENEFITS	OPERATIONAL	CAPITAL
Water	High quality affordable infrastructure Clean protected environment	The activity provides potable water supply service to consumers who are able to connect to schemes within the district	0	100	H	H	L	L	Targeted rates Fees and charges	Targeted rates Grants and subsidies Development contributions Operating and capital reserves Borrowings
Wastewater	High-quality affordable infrastructure Clean protected environment	The activity provides a wastewater disposal service to consumers who are able to connect to a scheme within the district	0	100	H	H	L	L	Targeted rates Fees and charges	Targeted rates Grants and subsidies Development contributions Operating and capital reserves Borrowings



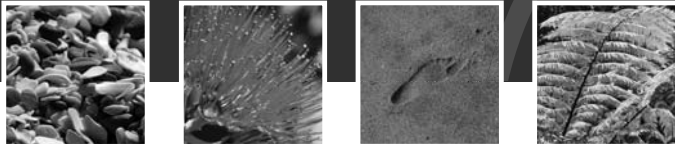
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Trade Waste	High-quality affordable infrastructure Clean protected environment	The activity manages the impacts of business that produce trade waste	30	70	H	L	H	L	General rates Fees and charges	NIL
Waste Reprocessing	Clean protected environment High-quality affordable infrastructure	The purpose of this activity is to provide for the collection of waste which can be reprocessed and thereby reduce the quantity going to landfill for disposal	0	100	H	M	M	L	Targeted rates Fees and charges	Targeted rates Operating and capital reserves Borrowings
Waste Disposal	Clean protected environment High-quality affordable infrastructure	The purpose of this activity is to provide for the collection and disposal of waste that cannot be reprocessed or recycled and the management of existing and closed landfills	0	100	H	M	M	L	Targeted rates Fees and charges	Targeted rates Operating and capital reserves Borrowings
Waste Recycling	Clean protected environment High-quality affordable infrastructure	The purpose of this activity is to provide for the collection of waste that can be recycled and thereby reduce the quantity going to landfill for disposal	0	100	H	M	M	L	Targeted rates Fees and charges	Targeted rates Operating and capital reserves Borrowings



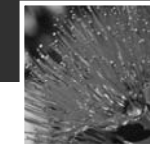
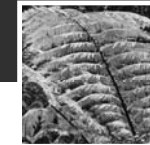
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					USER PAYS	BENEFITS OVER TIME	EXACERBATOR	COSTS AND BENEFITS	OPERATIONAL	CAPITAL
Economic Development	Prosperous economy	The purpose of this activity is to provide for training and other initiatives to promote the growth of businesses in the district	40	60	M	NIL	NIL	M	Targeted rates Fees	NIL
Promotion	Prosperous economy	The purpose of this activity is to promote the district and the therefore provide opportunity for increased business development	0	100	M	NIL	NIL	M	Targeted rates Fees	NIL
Visitor Information	Prosperous economy	The activity provides information about services available to visitors to the district	70	30	M	NIL	NIL	M	General rates Fees and charges	NIL
Resource management – Consents	Environmentally responsible development Prosperous economy	The purpose of this activity is to manage the subdivision and development of the district through the consent process	10	90	H	L	L	L	General rates Fees and charges	NIL
Resource management – Policy	Clean protected environment Environmentally responsible development Prosperous economy	The purpose of this activity is to provide a framework for the sustainable management of growth and development in the district	90	10	L	L	L	L	General rates Fees and charges	NIL



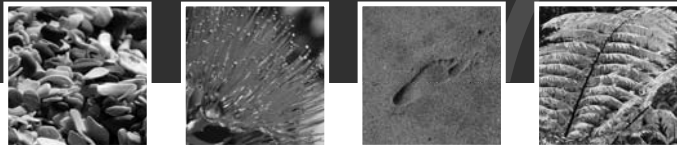
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					USER PAYS	BENEFITS OVER TIME	EXACERBATOR	COSTS AND BENEFITS	OPERATIONAL	CAPITAL
Licensing (Liquor and Gambling)	Safe caring community Healthy people and quality housing	The activity allows the operation of licensed premises but provides some control over the sale of liquor	5	95	H	NIL	M	L	General rates Fees and charges	NIL
Environmental Health	Clean protected environment Healthy people and quality housing Safe caring community	The purpose of this activity is to provide for the registration of businesses to provide restricted goods and services to the community. To advise and manage a number of issues related to health risks	70	30	M	NIL	M	L	General rates Fees and charges	NIL
Regulation Monitoring	Clean protected environment Safe caring community	This activity administers and enforces bylaws, legislation and policies relating to health and safety in public places	90	10	L	NIL	M	L	General rates Fees and charges	NIL
Safer Communities	Safe caring community	This activity promotes a safe community through a variety of methods including education, interagency collaboration and externally funded programmes	60	40	L	L	M	L	General rates Grants and subsidies	NIL
Building	Healthy people and quality housing Safe caring community	The purpose of this activity is to manage the legal requirements for the construction and alteration of buildings	20	80	H	NIL	M	L	General rates Fees and charges	NIL



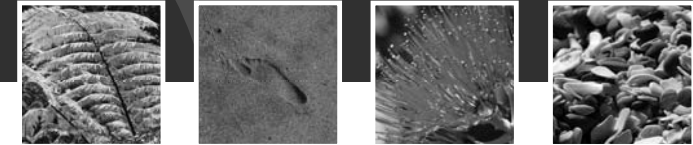
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					USER PAYS	BENEFITS OVER TIME	EXACERBATOR	COSTS AND BENEFITS	OPERATIONAL	CAPITAL
Animal Control	Safe caring community	The purpose of this activity is to safeguard human safety and health through the registration and enforcement of legislation, bylaws and policies of dogs and stock	20	80	H	L	H	M	General rates Fees and charges	General rates Fees and charges Operating and capital reserves
Library	Education and training opportunities for all Diverse, creative and active community	The purpose of this activity is to provide access to printed and digital information for education and recreation and to encourage literacy through programmes	90	10	L	M	L	L	Targeted rates Fees and charges	Targeted rates Fees and charges Operating and capital reserves
Museum and Gallery	Education and training opportunities for all Diverse, creative and active community	The purpose of this activity is to manage the preservation, display and provide education around the artefacts and other historical assets on behalf of the community	90	10	L	M	NIL	L	General rates Fees and charges	General rates Fees and charges Operating and capital reserves



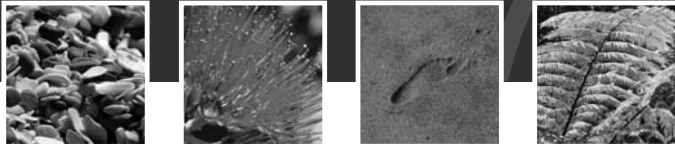
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					USER PAYS	BENEFITS OVER TIME	EXACERBATOR	COSTS AND BENEFITS	OPERATIONAL	CAPITAL
Pensioner Housing	Diverse, creative and active community Healthy people and quality housing	The purpose of this activity is to provide low cost housing for the elderly	0	100	H	M	NIL	L	Fees and charges	Fees and charges Operating and capital reserves
Halls	Diverse, creative and active community Healthy people and quality housing	The purpose of this activity is to provide public facilities for community use	80	20	H	M	NIL	L	Targeted rates Fees and charges	Targeted rates Fees and charges Operating and capital reserves
Commercial Property	Diverse, creative and active community Prosperous community	The purpose of this activity is to manage commercial assets vested in the Council.	0	100	H	H	NIL	M	Investment Income Fees and charges	Investment Income Fees and charges



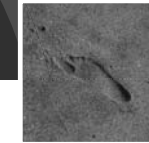
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					USER PAYS	BENEFITS OVER TIME	EXACERBATOR	COSTS AND BENEFITS	OPERATIONAL	CAPITAL
Parks and Reserves	Diverse creative and active community Clean protected environment Environmentally responsible development	The purpose of this activity is to provide a range of leisure and recreational opportunities for the public	100	0	L	H	M	M	General rates Fees and charges	General rates Fees and charges Development contributions Operating and capital reserves Borrowings
Cemeteries and Crematorium	Clean protected environment	The purpose of this activity is to provide for an appropriate method and location for burials	10	90	L	M	M	M	General rates Fees and charges	General rates Fees and charges Development contributions Operating and capital reserves Borrowings



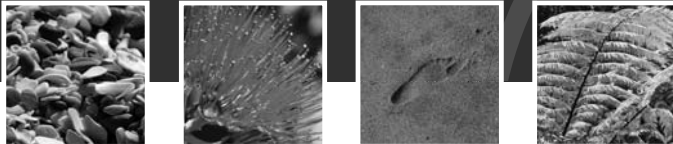
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					USER PAYS	BENEFITS OVER TIME	EXACERBATOR	COSTS AND BENEFITS	OPERATIONAL	CAPITAL
Public Conveniences	Clean protected environment Healthy people and quality housing	The purpose of this activity is to provide appropriately located public conveniences for public use	100	0	L	H	H	M	General rates	General rates Development contributions Operating and capital reserves Borrowings
Aquatic Centres	Diverse creative and active community Healthy people and quality housing	The purpose of this activity is to provide facilities for recreational, educational and sporting use	100	0	M	H	L	L	Targeted rates Fees and charges	Targeted rates Fees and charges Development contributions Operating and capital reserves Borrowings
Ports and Harbour	Prosperous community High-quality affordable infrastructure Diverse, creative and active community	The purpose of this activity is to manage the port, launch facilities and associated assets	80	20	M	H	L	L	Investment Income Fees and charges	Investment Income Fees and charges



ACTIVITIES	PRIMARY COMMUNITY OUTCOME(S)	RATIONAL FOR ALLOCATION	PUBLIC %	PRIVATE %	CONSIDERATIONS				FUNDING TOOLS	
					USER PAYS	BENEFITS OVER TIME	EXACERBATOR	COSTS AND BENEFITS	OPERATIONAL	CAPITAL
Sports Fields	Diverse creative and active community Clean protected environment Environmentally responsible development	The purpose of this activity is to provide facilities for recreational, educational and sporting use	100	0	L	H	L	L	Targeted rates Fees and charges	Targeted rates Fees and charges Development contributions Operating and capital reserves Borrowings
Recreation	Diverse creative and active community Healthy people and quality housing	The purpose of this activity is to provide, develop, foster, and promote participation in recreational programmes	100	0	L	L	L	L	General rates	General rates
Emergency Management	Safe caring community	The purpose of this activity is to have in place measures that prepare the community for disasters and to be able to respond and recover from disasters	100	0	NIL	L	NIL	L	General rates Grants and subsidies	General rates Grants and subsidies



ACTIVITIES	PRIMARY COMMUNITY OUTCOME(S)	RATIONAL FOR ALLOCATION	PUBLIC %	PRIVATE %	CONSIDERATIONS				FUNDING TOOLS	
					USER PAYS	BENEFITS OVER TIME	EXACERBATOR	COSTS AND BENEFITS	OPERATIONAL	CAPITAL
Disaster Mitigation	<p>Strong transparent and open leadership</p> <p>High-quality affordable infrastructure</p> <p>Safe caring community</p>	The purpose of this activity is to manage the recovery process through the provision of approved mitigation works	100	0	NIL	H	NIL	L	<p>Targeted rates</p> <p>Grants and subsidies</p>	<p>Targeted rates</p> <p>Grants and subsidies</p>
Corporate Activities	Strong transparent and open leadership	The purpose of this activity is to manage develop and maintain internal organisational systems to support the delivery of efficient and effective external services.	As this is an internal activity allocations are made at the end user account				Internal charges	Additional capacity funded by way of borrowings		



FUNDING IMPACT STATEMENT

INTRODUCTION

This funding impact statement should be read in conjunction with the Council's Revenue and Financing Policy.

All figures in the Funding Impact Statement are GST inclusive.

GENERAL RATES

General Rates consist of a rate in the dollar charged on capital value and a Uniform Annual General Charge (UAGC), which is a flat amount levied on each rating unit. The size of the UAGC is set each year by the Council and is used as a levelling tool in the collection of General Rates. If the UAGC were set at zero, the effect would be to increase the amount of General Rates assessed on capital value, which would increase the share levied on properties with higher capital values and to decrease the share levied on lower capital values. In setting the level of the UAGC, the Council considered the following issues:

- The impact of a high UAGC on those with low incomes and relatively low property values.
- The impact of a low UAGC on the relative share of rates levied on large rural properties.
- Fairness and equity and the social consequences of an unfair distribution of rates.

Stormwater Rate

The Council also resolved to retain the differential on Commercial and Industrial properties of 2.2 for the Whakatane Commercial and Industrial properties. However, it will also investigate the costs and benefits of the stormwater activity in the coming year. This could change the level of differential applied.

Separately Used or Inhabited Parts of a rating unit (SUIP)

In order to implement a rating system on the basis of SUIPs the Council has amended this Funding Impact Statement by including a definition of SUIPs.

Refer to "LTCCP Amendments" chapter on pg. 105 of this document.

INSTALMENT DUE DATES

Rates

There will be four equal instalments for the 2009/2010 rates and the due dates are as follows:

Instalment

BILLING PERIOD	DUE DATE
<i>Instalment 1:</i> 01/07/09 - 30/09/09	Friday 21 August 2009
<i>Instalment 2:</i> 01/10/09 - 31/12/09	Friday 20 November 2009
<i>Instalment 3:</i> 01/01/10 - 31/03/10	Friday 19 February 2010
<i>Instalment 4:</i> 01/04/10 - 30/06/10	Friday 21 May 2010

A 10% instalment penalty will apply if any of these rates remain outstanding after each of the above instalment due dates. A further 10% additional charge will be added on 1 October 2009 to any rates that were set prior to 1 July 2009 and which are unpaid at 1 July 2009 and remain unpaid at 30 September 2009.

Water Rates

The following are the due dates for water invoices:

Due Dates

Period	Billing Period	Due Date
1	01/07/09 - 30/09/09	Friday 23 October 2009
2	01/10/09 - 31/12/09	Friday 22 January 2010
3	01/01/10 - 31/03/10	Friday 23 April 2010
4	01/04/10 - 30/06/10	Friday 23 July 2010

A 10% penalty will apply if any water rates remain outstanding after each of the above water rates due dates.

Payments

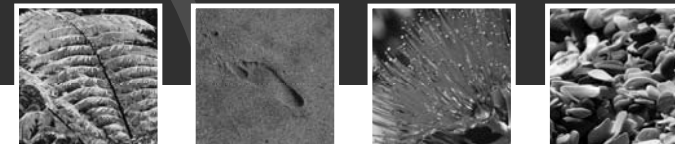
All rates shall be payable at the Whakatane District Council, Civic Centre, Commerce Street, Whakatane, or Murupara Service Centre, Pine Drive, Murupara.

The payment facilities available at the Council offices include cash, cheque or EFTPOS. There is no credit card facility available. Alternatively, the Council offers the option of paying rates by direct debit, on a monthly, quarterly, or annual basis. Rates can also be paid by phone/internet banking, and automatic payments. Please contact customer services on 07 3060500 or 0800 3060500 for further information or refer to www.whakatane.govt.nz

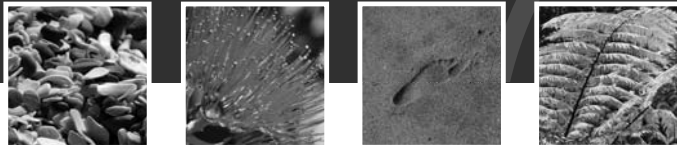
Discount for prompt payment

The Council sets a discount on an annual basis for ratepayers who pay the total rates levied on the rates assessment by the due date for the first instalment. The discount rate for 2009/2010 is 2.5%.

FUNDING IMPACT STATEMENT



REPORT ON 30% CAP SECTION 21 LGRA		INCL GST	
<i>Targeted rates that are set on a uniform basis and are calculated in accordance with section 18(2) or clause 7 of Schedule 3</i>			
UAGC		\$ 200	\$ 2,881,000
Roading		\$ 50	\$ 720,250
Refuse Disposal		\$ 21	\$ 302,505
Community Boards			\$ 427,736
District Parks			\$ 2,622,932
Stormwater			\$ 317,721
Promotion			\$ 136,079
Catchment Rates Disaster Mitigation			\$ 579,614
<i>Targeted rates that are set on differential uniform basis</i>			
Refuse Collection	\$ 3,574,064		
Swimming Pool	\$ 878,635		
Library	\$ 1,587,146		
	\$ 6,039,845		
			\$ 7,987,836
		Total Rates Including GST	\$ 33,217,773
		Percentage	24.05 %

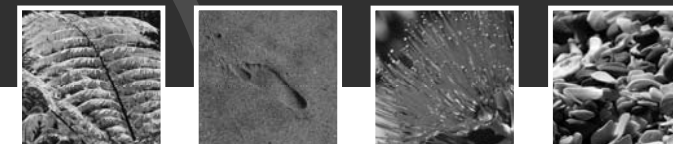


SUMMARY FUNDING IMPACT STATEMENT

ANNUAL PLAN 2009 \$,000		FORECAST FOR THE YEARS ENDED 30TH JUNE									
		2010 \$,000	2011 \$,000	2012 \$,000	2013 \$,000	2014 \$,000	2015 \$,000	2016 \$,000	2017 \$,000	2018 \$,000	2019 \$,000
	REVENUE										
1,752	Development Contributions	918	943	971	1,210	1,243	1,277	1,336	1,372	1,409	1,447
7,548	User Fees & Charges	7,952	9,235	9,608	9,872	9,881	10,282	11,667	11,982	12,307	12,616
6,005	General Rates	5,773	6,473	6,938	7,579	7,632	8,288	8,174	8,503	8,823	8,782
126	Interest Income	861	904	918	1,197	1,502	2,396	2,703	2,926	3,431	3,712
1,995	Sundry Income	1,784	2,236	2,231	2,285	2,400	2,423	2,482	2,608	2,605	2,669
10,257	Subsidies & Grants	9,877	17,811	10,825	11,680	19,723	16,064	18,039	15,664	9,305	16,394
21,618	Targeted Rates	23,873	26,699	29,955	32,328	34,077	37,221	39,331	40,692	42,372	44,368
49,301	Total Revenue	51,039	64,300	61,447	66,151	76,456	77,951	83,731	83,748	80,251	89,986
	OTHER FUNDING										
5,484	Depreciation Reserve	6,111	7,630	8,507	9,768	10,931	9,838	12,174	10,764	11,612	17,890
1,289	Development Contribution Reserve	1,706	848	671	918	4,228	4,227	4,837	3,349	224	538
8,377	Loans Raised *	9,821	12,937	7,856	9,773	16,931	18,659	9,247	9,094	5,035	7,048
2,902	Operational Reserve	5,187	5,445	4,888	11,321	11,453	3,450	2,721	3,791	2,934	3,496
0	Sale of Assets	3,097	3,242	3,041	9,633	19,193	853	454	465	477	487
18,052	Total Funding Applied	25,922	30,101	24,963	41,413	62,737	37,027	29,432	27,464	20,282	29,459
67,354	Total Sources of funding	76,961	94,401	86,410	107,564	139,194	114,978	113,164	111,211	100,532	119,446

* This includes internal borrowings.

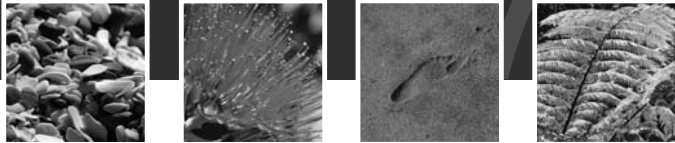
FUNDING IMPACT STATEMENT



FUNDING IMPACT STATEMENT

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL RATES	\$ 6,494,513	\$ 7,282,208	\$ 7,805,026	\$ 8,526,309	\$ 8,585,859	\$ 9,323,836	\$ 9,195,288	\$ 9,566,417	\$ 9,925,550	\$ 9,879,423
The Council sets a general rate on the capital value of each applicable rating unit in the District.										
District Rateable properties	0.00047505	\$ 3,613,513	\$ 4,051,782	\$ 4,342,675	\$ 4,743,993	\$ 4,777,126	\$ 5,187,733	\$ 5,116,210	\$ 5,322,704	\$ 5,496,859
Uniform Annual General Charge on all rating units in the District.	\$ 200.00	\$ 2,881,000	\$ 3,230,426	\$ 3,462,351	\$ 3,782,316	\$ 3,808,732	\$ 4,136,103	\$ 4,079,078	\$ 4,243,713	\$ 4,403,026
ROADING RATES		\$ 7,918,706	\$ 9,020,785	\$ 10,190,762	\$ 11,266,534	\$ 11,552,012	\$ 12,052,190	\$ 12,654,051	\$ 12,770,927	\$ 13,389,090
The Council sets the roading rate on the capital value of each applicable rating unit in the District.										
	0.00094634	\$ 7,198,456	\$ 8,200,295	\$ 9,263,856	\$ 10,241,781	\$ 10,501,293	\$ 10,955,977	\$ 11,503,096	\$ 11,609,340	\$ 12,171,278
Uniform Annual Charge on all rating units in the District.	\$ 50.00	\$ 720,250	\$ 820,490	\$ 926,906	\$ 1,024,753	\$ 1,050,719	\$ 1,096,213	\$ 1,150,956	\$ 1,161,586	\$ 1,217,812
COMMUNITY BOARDS		\$ 427,736	\$ 457,047	\$ 460,535	\$ 474,241	\$ 492,120	\$ 494,991	\$ 504,332	\$ 530,196	\$ 535,067
The Community Board rate is set to fund the costs of the five Community Boards. The Council sets a Community Board targeted rate on rating units within each of the following areas (locations):										
Whakatane	\$ 32.33	\$ 196,362								
Edgecumbe-Tarawera	\$ 23.07	\$ 92,354								
Ohope	\$ 35.31	\$ 64,905								
Taneatua	\$ 27.70	\$ 33,680								
Murupara	\$ 31.96	\$ 40,435								

All figures are GST inclusive



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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WASTE DISPOSAL

Uniform Annual Charge on all rating units in the District.	\$ 21.00	\$ 302,505	\$ 302,505	\$ 302,505	\$ 302,505	\$ 302,505	\$ 302,505	\$ 302,505	\$ 302,505	\$ 302,505
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STORMWATER

	\$ 1,270,883	\$ 1,446,423	\$ 1,550,335	\$ 1,662,662	\$ 1,924,053	\$ 2,161,605	\$ 2,515,257	\$ 2,718,721	\$ 2,938,500	\$ 3,145,391
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The Council sets a targeted rate rating unit for stormwater on rating units and a rate on the capital value differentially as follows:

Differential

Whakatane Urban	1.0	\$ 41.98	0.00025588	\$ 719,205	\$ 832,064	\$ 897,569	\$ 966,084	\$ 1,143,923	\$ 1,308,407	\$ 1,543,360	\$ 1,668,303	\$ 1,815,862	\$ 1,954,892	
Whakatane Commercial and industrial	2.2	\$ 41.98	0.00056294	\$ 291,872	\$ 337,673	\$ 364,257	\$ 392,062	\$ 464,234	\$ 530,985	\$ 626,335	\$ 677,040	\$ 736,924	\$ 793,346	
Matata	1.0	\$ 15.92	0.00016077	\$ 20,759	\$ 21,436	\$ 22,148	\$ 22,713	\$ 23,164	\$ 23,652	\$ 24,114	\$ 24,784	\$ 25,480	\$ 26,044	
Ohope	1.0	\$ 13.12	0.00006252	\$ 96,762	\$ 103,731	\$ 109,062	\$ 120,083	\$ 127,672	\$ 130,176	\$ 149,470	\$ 171,846	\$ 178,373	\$ 184,874	
Edgecumbe	1.0	\$ 37.49	0.00031281	\$ 95,813	\$ 99,212	\$ 102,617	\$ 105,317	\$ 107,345	\$ 109,581	\$ 111,716	\$ 114,872	\$ 118,157	\$ 120,755	
Taneatua	1.0	\$ 7.55	0.00020750	\$ 8,066	\$ 8,418	\$ 8,733	\$ 8,981	\$ 9,145	\$ 9,330	\$ 9,507	\$ 9,791	\$ 10,075	\$ 10,302	
Murupara	1.0	\$ 27.01	0.00042260	\$ 28,843	\$ 29,717	\$ 30,634	\$ 31,422	\$ 32,102	\$ 32,749	\$ 33,417	\$ 34,351	\$ 35,222	\$ 36,098	
Te Mahoe Land Drainage	1.0	\$ 36.66	0.00102527	\$ 3,813	\$ 3,952	\$ 4,082	\$ 4,192	\$ 4,280	\$ 4,365	\$ 4,453	\$ 4,582	\$ 4,699	\$ 4,818	
Te Teko Land Drainage	1.0	\$ 11.32	0.00043870	\$ 5,751	\$ 10,221	\$ 11,234	\$ 11,809	\$ 12,187	\$ 12,360	\$ 12,884	\$ 13,153	\$ 13,708	\$ 14,262	

LIBRARY

	\$ 1,587,146	\$ 1,946,086	\$ 2,068,958	\$ 2,178,383	\$ 2,145,094	\$ 2,251,593	\$ 2,341,526	\$ 2,414,787	\$ 2,501,683	\$ 2,563,352
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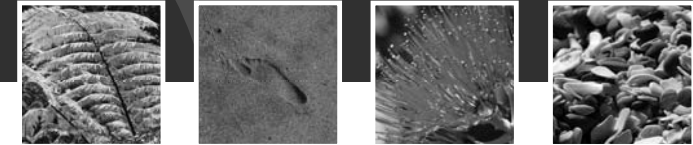
The Council sets a library rate based on a fixed charged per a rating unit, with a differential relating to the ability of the community to have accessibility to libraries as follows:

Differential

Whakatane	1.000	\$ 149.50
Ohope	1.000	\$ 149.50
Edgecumbe	0.700	\$ 104.65
Taneatua	0.350	\$ 52.32
Murupara	0.700	\$ 104.65
Te Urewera	0.175	\$ 26.16
Rural	0.350	\$ 52.32

All figures are GST inclusive

FUNDING IMPACT STATEMENT



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
DISTRICT WIDE PARKS RATES	\$ 2,905,399	\$ 3,200,486	\$ 3,249,139	\$ 3,295,590	\$ 3,326,886	\$ 3,620,403	\$ 3,806,969	\$ 4,013,399	\$ 4,200,391	\$ 4,317,801

The Council sets a targeted district-wide parks rate except for properties with in the Te Urewera area to fund the net cost of the parks, gardens and recreation activities. This targeted rate is set as a fixed amount per rating unit.

\$ 202.84

The Council sets a targeted parks rate for properties with in the Te Urewera area to fund the net cost of the parks, gardens and recreation activities. This targeted rate is set as a fixed amount per rating unit.

\$ 101.42

RAPID NUMBERS FOR RURAL PROPERTIES

The Council sets a targeted rate for all rural properties with in the District. This targeted rate is set as a fixed amount per rating unit.

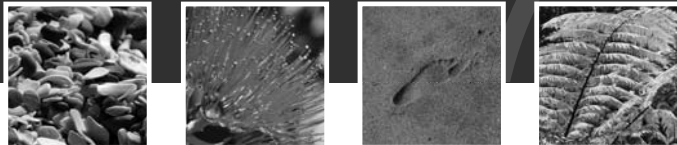
\$ 130,500

SWIMMING POOL	\$ 878,635	\$ 928,557	\$ 1,099,282	\$ 1,057,556	\$ 1,064,339	\$ 1,125,672	\$ 1,165,971	\$ 1,174,805	\$ 1,207,170	\$ 1,228,240
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The Council sets a Swimming Pool rate based on a fixed charged per a rating unit, with a differential relating to the ability of the community to have accessibility to swimming pools as follows:

Differential		
Whakatane	1.00	\$ 76.62
Ohope	1.00	\$ 76.62
Edgecumbe	0.50	\$ 38.31
Taneatua	0.50	\$ 38.31
Murupara	1.00	\$ 75.88
Murupara Rural	0.50	\$ 37.94
Te Urewera	0.25	\$ 18.97
Rural	0.50	\$ 38.31

All figures are GST inclusive



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PROMOTION AND ECONOMIC DEVELOPMENT RATE	\$ 304,829	\$ 317,300	\$ 327,418	\$ 359,924	\$ 366,358	\$ 376,141	\$ 384,473	\$ 394,193	\$ 406,630	\$ 414,521

This rate is set as a targeted rate of a fixed amount per rating unit for all commercial and industrial properties within the district

\$ 230.25

Council sets a targeted rate on the capital value for all commercial and industrial properties within the Whakatane urban area

0.0003713

REFUSE REMOVAL RATE	\$ 3,574,064	\$ 3,489,919	\$ 4,125,423	\$ 4,119,628	\$ 4,481,487	\$ 5,797,784	\$ 5,930,763	\$ 6,090,732	\$ 6,298,222	\$ 6,440,483
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The Council sets a targeted rate to fund the collection and disposal of the Council approved refuse/recycling bins. This targeted rate is set as a fixed amount per separately used or inhabited part of a rating unit for which the Council is providing a weekly refuse collection service.

Urban Properties	\$ 287.39
Rural/Commercial Properties (1)	\$ 243.37

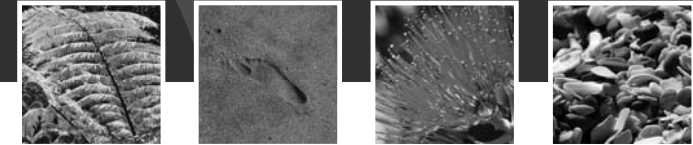
CATCHMENT RATES DISASTER MITIGATION	\$ 579,614	\$ 732,133	\$ 837,751	\$ 894,406	\$ 893,926	\$ 898,308	\$ 899,878	\$ 907,651	\$ 909,192	\$ 909,141
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The Council sets a Disaster Mitigation rate as a targeted rate on rating units as follows

Uniform Annual Charge on all rating units in the District.	\$ 21.82
Otarawairere/Cliff/Brown Drainage	\$ 77.04
Otarawairere/Cliff/Brown Improvements	\$ 480.41
	\$ 557.45
Matata	\$ 274.59
Whakatane	\$ 6.77
Edgecumbe	\$ 109.75
Ohope	\$ 43.41

All figures are GST inclusive

FUNDING IMPACT STATEMENT



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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WATER	\$ 4,693,200	\$ 5,283,890	\$ 6,005,541	\$ 6,763,297	\$ 7,156,218	\$ 7,881,178	\$ 8,366,818	\$ 8,753,208	\$ 9,005,632	\$ 9,329,061
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These rates are set on a differential basis based on provision of service, land use and location.

- **Connected** – any rating unit that is connected directly or indirectly to a Council operated waterworks.
- **Availability** – any rating unit that is not connected to a Council operated waterworks but is within 100 metres of such waterworks.

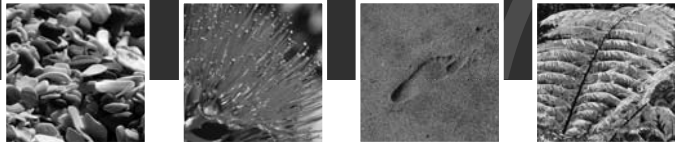
WHAKATANE
Connected - non metered
Availability - not connected
Connected - metered
Water by Meter

OHOPE
Availability - not connected
Connected - metered
Water by Meter

WHAKATANE & OHOPE		\$ 2,981,032	\$ 3,483,032	\$ 4,115,827	\$ 4,689,734	\$ 5,025,231	\$ 5,412,527	\$ 5,712,423	\$ 6,025,995	\$ 6,188,462	\$ 6,445,867
Connected - non metered	\$ 378.36	\$ 13,243									
Availability - not connected	\$ 137.42	\$ 68,024									
Connected - metered	\$ 137.42	\$ 1,119,579									
Water by Meter	\$ 1.10	\$ 1,780,186									

EDGECUMBE		\$ 203,634	\$ 219,779	\$ 241,190	\$ 265,175	\$ 282,203	\$ 294,017	\$ 306,448	\$ 320,364	\$ 329,865	\$ 333,789
Connected - non metered	\$ 283.55	\$ 183,170									
Availability - not connected	\$ 117.03	\$ 2,809									
Connected - metered	\$ 117.03	\$ 3,043									
Water by Meter	\$ 0.76	\$ 14,612									

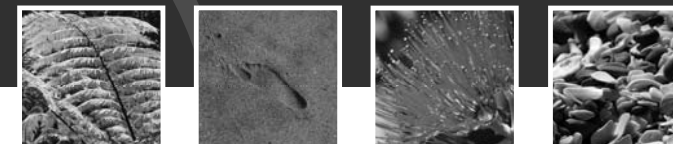
All figures are GST inclusive



		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MATATA		\$ 145,860	\$ 154,540	\$ 163,860	\$ 168,809	\$ 171,972	\$ 173,350	\$ 176,946	\$ 182,153	\$ 187,469	\$ 191,899
Connected - non metered	\$ 471.04	\$ 118,701									
Availability - not connected	\$ 167.65	\$ 11,903									
Connected - metered	\$ 167.65	\$ 4,191									
Water by Meter	\$ 1.38	\$ 11,063									
TANEATUA		\$ 125,343	\$ 131,857	\$ 137,328	\$ 138,650	\$ 140,791	\$ 143,066	\$ 139,462	\$ 143,608	\$ 147,832	\$ 151,236
Connected - non metered	\$ 419.17	\$ 101,439									
Availability - not connected	\$ 170.07	\$ 3,912									
Connected - metered	\$ 170.07	\$ 3,401									
Metered special	\$ 238.10	\$ 1,667									
Water by Meter	\$ 1.13	\$ 10,605									
Water by Meter special	\$ 2.02	\$ 4,319									
MURUPARA		\$ 147,654	\$ 160,941	\$ 181,406	\$ 191,306	\$ 194,737	\$ 197,185	\$ 201,006	\$ 206,340	\$ 211,897	\$ 216,528
Connected - non metered	\$ 167.69	\$ 117,554									
Availability - not connected	\$ 71.68	\$ 5,949									
Connected - metered	\$ 71.68	\$ 2,867									
Water by Meter	\$ 0.44	\$ 21,284									
RUATOKI		\$ 123,867	\$ 131,729	\$ 139,567	\$ 141,725	\$ 143,956	\$ 145,995	\$ 149,863	\$ 152,841	\$ 157,292	\$ 160,730
Connected - metered	145	\$ 49,112									
Availability - not connected	\$ 144.87	\$ 435									
Water by Meter	\$ 1.03	\$ 74,320									
WAIMANA		\$ 26,710	\$ 28,279	\$ 29,646	\$ 30,655	\$ 31,177	\$ 31,759	\$ 32,442	\$ 33,423	\$ 34,527	\$ 35,321
Connected - metered	\$ 425.00	\$ 22,100									
Availability - not connected	\$ 425.00	\$ 1,275									
Water by Meter	\$ 1.04	\$ 4,071									

All figures are GST inclusive

FUNDING IMPACT STATEMENT



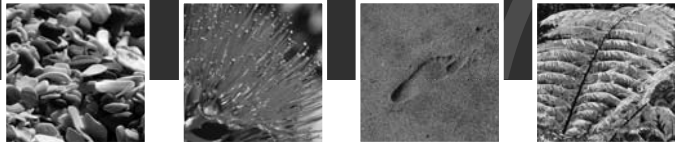
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
TE MAHOE		\$ 14,221	\$ 15,467	\$ 16,469	\$ 17,150	\$ 17,367	\$ 17,672	\$ 18,061	\$ 18,649	\$ 19,394	\$ 19,805
Connected	\$ 474.04	\$ 14,221									
RUATAHUNA		\$ 448	\$ 462	\$ 475	\$ 489	\$ 499	\$ 508	\$ 520	\$ 534	\$ 547	\$ 560
Connected	\$ 42.64	\$ 341									
Connected-Comm	\$ 106.61	\$ 107									
PLAINS		\$ 924,432	\$ 957,804	\$ 979,773	\$ 1,119,603	\$ 1,148,285	\$ 1,465,099	\$ 1,629,648	\$ 1,669,301	\$ 1,728,346	\$ 1,773,326
Connected - metered	\$ 130.00	\$ 173,680									
Water by Meter	\$ 0.27	\$ 279,296									
Excess Water by Meter	\$ 1.00	\$ 301,500									
AWAKERI EXTN		\$ 190.00	\$ 68,210								
Connected - metered	\$ 190.00	\$ 68,210									
Water by Meter	\$ 0.40	\$ 68,394									
Excess Water by Meter	\$ 1.00										
SEWERAGE		\$ 2,415,939	\$ 2,769,400	\$ 3,471,833	\$ 3,914,977	\$ 4,534,079	\$ 4,915,760	\$ 5,443,324	\$ 5,773,632	\$ 6,060,126	\$ 6,232,402

These rates are set on land use and provision of service. Land use is residential or commercial/ industrial. Commercial/ industrial is classed as any property for which the principal undertaking is any commercial/industrial activity or zoned commercial/industrial. Residential properties are all other properties that are not commercial / industrial properties.

The different categories of service are:

- **Connected** - any rating unit that is connected directly or indirectly to a public sewerage drain
- **Available** - any rating unit that is not connected to a public sewerage drain but is within 30 metres of such a drain.

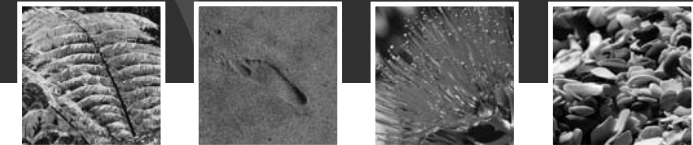
All figures are GST inclusive



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
WHAKATANE SEWERAGE	\$ 1,282,299	\$ 1,484,070	\$ 1,740,906	\$ 1,975,183	\$ 2,296,526	\$ 2,452,092	\$ 2,704,484	\$ 2,871,694	\$ 3,027,560	\$ 3,136,646
Connected or per pan for commercial/industrial	\$ 164									
Availability - not connected	\$ 82									
OHOPE SEWERAGE	\$ 514,801	\$ 597,190	\$ 770,147	\$ 837,574	\$ 1,054,331	\$ 1,158,210	\$ 1,299,053	\$ 1,390,840	\$ 1,441,509	\$ 1,459,957
Connected or per pan for commercial/industrial	\$ 259									
Availability - not connected	\$ 129									
EDGEKUMBE SEWERAGE	\$ 367,846	\$ 414,548	\$ 465,054	\$ 522,577	\$ 551,613	\$ 611,068	\$ 677,448	\$ 692,323	\$ 711,836	\$ 731,097
Connected or per pan for commercial/industrial	\$ 410									
Availability - not connected	\$ 205									
TANEATUA SEWERAGE	\$ 110,675	\$ 114,989	\$ 114,887	\$ 124,218	\$ 135,495	\$ 141,189	\$ 139,813	\$ 171,324	\$ 232,182	\$ 240,120
Connected	\$ 327									
Availability - not connected	\$ 164									
Commercial/industrial connection	\$ 8,958									
MURUPARA SEWERAGE	\$ 125,765	\$ 143,409	\$ 178,546	\$ 180,269	\$ 184,513	\$ 187,922	\$ 192,945	\$ 197,939	\$ 204,208	\$ 201,697
Connected or per pan for commercial/industrial	\$ 150									
Availability - not connected	\$ 75									
TE MAHOE SEWERAGE	\$ 14,553	\$ 15,194	\$ 15,768	\$ 16,223	\$ 16,508	\$ 16,839	\$ 17,158	\$ 17,673	\$ 18,198	\$ 18,596
Connected	\$ 502									
Availability - not connected										

All figures are GST inclusive

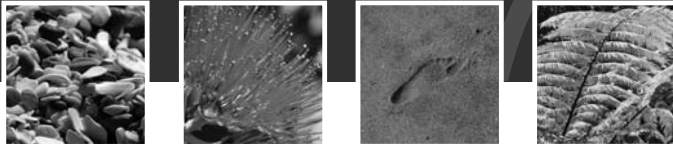
FUNDING IMPACT STATEMENT



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MATATA SEWERAGE	\$ -	\$ -	\$ 186,525	\$ 258,932	\$ 267,237	\$ 270,874	\$ 282,278	\$ 288,101	\$ 264,444	\$ 275,717
TE TEKO SEWERAGE	\$ -	\$ -	\$ -	\$ -	\$ 27,856	\$ 77,566	\$ 130,144	\$ 143,737	\$ 160,190	\$ 168,573

Commercial and industrial is defined as any property zoned or used for commercial / industrial purposes
 Rural is defined as all rural zoned land except commercial and industrial properties as defined above.

All figures are GST inclusive



LIABILITY MANAGEMENT POLICY

1.0 GENERAL POLICY

To provide appropriate parameters in which Council will manage its borrowing activities and external liabilities to ensure compliance with the provisions of the Local Government Act 2002.

Section 102(4)(b) of the Local Government Act 2002 (the “Act”) requires the 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.”

The 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.

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.

2.0 SPECIFIC POLICIES

(a) General borrowing

The Council approves a borrowing programme by resolution during the annual planning process.

The Council’s infrastructural and community assets generally have long economic lives and provide long-term benefits for the community. The use of debt is seen as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers in relation to the Council’s assets and investments.

Whakatane District Council will use term borrowing to fund capital works providing assets where:

- The benefits of such expenditure are received over terms greater than one financial year.
- The term of the borrowing is related to the expected economic life of the assets purchased or created (where assets are deemed to have a life in excess of 25 years, the maximum term of borrowing will be 25 years).

The Council raises debt for the following primary purposes:

- General debt to fund the Council’s capital works which are primarily infrastructure assets;
- Short term debt to manage timing differences between cash inflows and outflows and to maintain the Council’s liquidity;
- Borrowing through hire purchase, credit, deferred payment or lease arrangements in the ordinary course of the Council’s business.

A resolution of Council is not required for hire purchase, credit, lease arrangements or deferred payment of goods if:

- The period of indebtedness is less than 91 days (including rollovers); or
- The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of the Council.

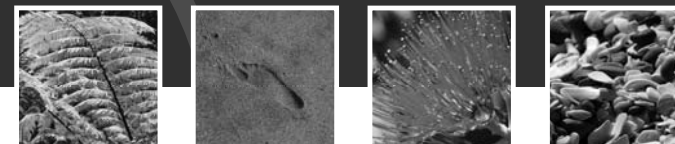
(b) Specific borrowing limits

In managing borrowing, the Council adheres to the following limits:

- Net interest expense of all borrowings not to exceed 15% of annual income.
- Net debt as percentage of Annual Income not to exceed 150%.
- Term debt and a liquidity buffer are maintained at an amount of 110% of projected peak net debt levels over the next 12 months.
- Income is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue.
- Net debt is defined as total external debt less liquid cash or cash equivalents.

(c) Borrowing mechanisms

The Council is able to borrow through a variety of market mechanisms including, issuing fixed or floating wholesale and retail loan stock, commercial paper (CP), or direct bank borrowing. (Refer Appendix I). The Council is also able to internally borrow.



Any borrowing through the retail investor market must have the prior approval of Council.

Alternative funding mechanisms such as leasing are evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

The internal debt portfolio is used as an input into determining the Council's external debt requirements. The Council's internal funding mechanisms are discussed in Section (e).

In assessing strategies for new borrowings in relation to source, pricing, size and term, delegated staff take into account the following:

- The impact of new debt on borrowing limits;
- Relevant margins and total cost under each borrowing source;
- The Council's overall debt maturity profile, to avoid concentration of debt at reissue/rollover time;
- Prevailing interest rates relative to term for both stock issuance and bank borrowing and the Council's view of future interest rate movements;
- Available terms from bank and the debt capital markets;
- Legal documentation, financial covenants, security requirements.

The Council is able to use a mixture of short term facilities (which generally have lower credit margins) as well as longer term facilities to achieve an effective borrowing mix, balancing the requirements of liquidity, flexibility and cost.

A borrowing strategy is determined on a six monthly basis which is approved by the Chief Financial Officer.

(d) Liquidity and credit risk management

This Policy has been amended. Refer to "LTCCP Amendments" chapter on pg. 105 of this document.

The Council's ability to readily attract cost effective borrowing is largely driven by its ability to maintain a strong balance sheet as well as its ability to rate, manage its image in the market and its relationship with bankers and brokers.

Where possible the Council seeks a diversified pool of borrowing and ensures that bank borrowings are only sought from approved strongly rated New Zealand registered banks.

Liquidity risk management refers to the timely availability of funds to the Council when needed, without incurring penalty costs.

The Council minimises its liquidity risk by:

- Matching expenditure closely to its revenue streams and managing cash flow timing differences to its favour;
- Maintaining its financial investments in liquid investments;
- Ensuring where debt redemption reserves are maintained to repay borrowing, that these investments are held for maturities not exceeding the borrowing repayment date (see Section (h) of this Policy);
- Avoiding concentration of debt maturity dates (refer below). So funds are available when needed.

There is sufficient available operating cash flow and committed bank facilities to meet cash flow requirements between rates instalments as determined by the Finance Department.

The liquidity buffer is maintained from either available

committed bank facilities and/or liquid negotiable financial investments. Investments have a maturity of no more than 3 months.

To minimise the risk of large concentrations of debt maturing or being reissued in periods where credit margins are high for reasons within or beyond the Council's control, delegated staff ensure debt maturities are generally spread widely over a band of maturities. Specifically, total committed funding in respect to all loans and committed facilities is controlled by the following system:

PERIOD	MINIMUM	MAXIMUM
0 to 3 years	20%	80%*
3 to 5 years	20%	60%
5 years plus	0%	60%

*This figure has been amended. Refer to "LTCCP Amendments" chapter on pg. 105 of this document.

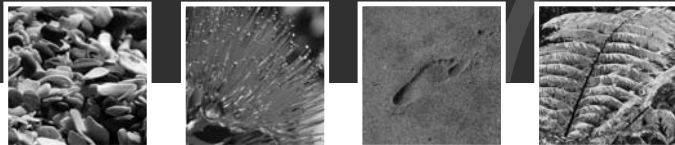
Committed bank facilities are to have a maturity of no more than 3 years.

A maturity schedule outside these limits requires specific Council approval.

The Chief Executive has the discretionary authority to re-finance, rollover and re-negotiate existing debt on more favourable terms. Such action is reported to the Council at the earliest opportunity.

(e) Internal borrowing

The Council uses its reserves to internally fund new capital projects. The finance department is responsible for administering the Council's internal loan portfolio. Loans are set up within the portfolio based on planned loan funded capital projects as approved by the Council resolution as part of the Annual Plan and the LTCCP.



The primary objective in funding internally is to use reserves and external borrowing effectively, by establishing a portfolio that provides funding to internal activity centres. This creates operational efficiencies through not paying fees/margins and other costs associated with raising funds from financial institutions.

In addition to external borrowing the following specific reserves are used for internal borrowing purposes:

- Special Fund Reserves
- Harbour Property Fund
- Debt Redemption Reserves
- Rate Account surpluses.

(f) Interest rate risk management

The borrowing programme exposes the Council to interest rate movements. Interest rate risk refers to the impact that movements in interest rates can have on the Council's cash flows, Annual Plan and LTCCP forecasts.

Generally, given the long-term nature of the Council's assets, intergenerational factors and the desire to avoid an adverse impact on rates, the approach is to have a percentage of debt at a fixed interest rate.

The primary objective of interest rate risk management is to reduce uncertainty due to interest rate movements through fixing of funding costs. Both objectives are to be achieved through the active management of underlying interest rate exposures.

The Council debt/borrowings should be within the following fixed/floating interest rate risk control limit:

RISK CONTROL LIMIT	
MASTER FIXED/FLOATING	
Minimum Fixed Rate	Maximum Fixed Rate
55%	95%

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

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

The percentages are calculated on the rolling 12 month projected net debt level.

Net debt is the amount of total debt less liquid cash or cash equivalents. This allows for prefixing in advance of projected physical draw downs of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to comply with the policy minimums and maximums.

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

FIXED RATE MATURITY PROFILE LIMIT		
PERIOD	MINIMUM COVER	MAXIMUM COVER
1 to 3 years	20%	60%
3 to 5 years	20%	60%
5 to 10 years	10%	60%

The implementation of the fixed rate framework assumes dealing lines are available from the Council's dealing bank(s).

Any swap beyond 10 years requires approval from the Council.

(g) Security

The Council generally does not offer assets other than a charge over rates or rates revenue as security for general borrowing programmes and interest rate risk management instruments. Security is offered through the Charge Document over the Council's rates. Internal loans are provided on an unsecured basis.

From time to time, with prior Council approval, security may be offered by providing a charge over one or more of the Council's specific assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance);
- The Council considers a charge over physical assets to be appropriate.

(h) Debt repayment

The Council repays borrowing from general funds, specific debt redemption reserves and renewal loans allocated to that borrowing. The Council ensures that sufficient funds are available for repayment of debt and other obligations at the time of maturity.

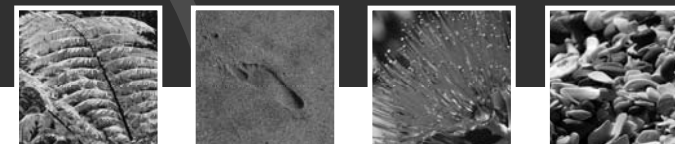
Where a loan is raised for a specific purpose and the funds are no longer required, the funds may be held in a special fund until the funds can be applied against a future borrowing.

(i) Contingent liabilities

The Council, from time to time, provides financial guarantees to local organisations, groups or bodies for recreational and community purposes.

In determining whether a guarantee is to be approved, the Council considers the social benefits provided to the community and the following:

- The potential for loss of capital;
- Where the Council assumes the asset in the case of default, the ongoing operating costs or completion costs of the asset;
- The nature of the organisation including its management, financial stability, cash flow forecasts and membership.



- The total value of guarantees at any one time will not exceed 3% of the total annual rates, levied during that year.

Total loan guarantees held at any time shall be taken into account when calculating the Council’s maximum borrowing limit.

As a condition of the guarantee, the guarantor’s annual financial statements are to be promptly given to Council. Should the guarantee be called upon, the Council will take immediate steps to recover the money.

(j) Foreign exchange

The Council’s policy is to identify, define, recognise and record these risks by their respective types or category and then to manage each risk under predetermined and separately defined policies/risk control limits for each risk category.

It is prudent practice to pre-hedge potential adverse foreign exchange rate movements on capital imports from the time the Capex budget is approved by the Council. There is a risk that the net NZD cost could increase substantially from Capex budget time to the actual placement of the purchase order. It would be expected that the payment currency and payments schedule are known at the time of the purchase order and sale/purchases contract signed with the equipment supplier.

Capital and Operational Expenditure: Imported Items/ services.

The Council is exposed to foreign exchange risk on imported capital expenditure and operational expensed items/ services:-

- **Contingent risk:** this applies from the time the annual capital expenditure (Capex) and operational expenditure (Opex) budget is approved to the time specific Capex and Opex

items are approved during the course of the year. This also includes the time from specific approvals to the time contracts are finalised.

- **Full risk:** at the time the expenditure is approved and legal commitments are made

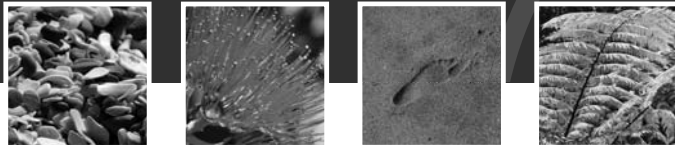
Foreign Exchange Risk Control Limits

Capital and Operational Expenditure: Imported items/services – All individual items/ services greater than NZD100,000 must be hedged at all times in accordance with the following risk control limits:-

CAPITAL AND OPERATIONAL EXPENDITURE – FOREIGN EXCHANGE RISK CONTROL LIMITS		
TIME – POINT	EXPOSURE COVERED BY FORWARD EXCHANGE CONTRACTS/COLLARS	EXPOSURE COVERED BY PURCHASED FOREIGN EXCHANGE OPTIONS
1. Budget approved by Council – (Medium Probability)		Up to a maximum 50%
2. Specific item approved – (High probability)		Up to a maximum 100%
3. Contract confirmed – (Undoubted Risk)	Minimum 100%	

The use of foreign exchange risk management instruments are approved by the Council.

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



APPENDIX I - APPROVED BORROWING MECHANISMS

1.0 Bank Borrowing

1.1 Overdraft

Overdraft facilities are calculated on a simple interest basis with interest calculated daily and paid in arrears. Overdraft facilities are usually for a term of up to one year and are priced off the bank's indicator rate. Most organisations use these facilities to borrow on an overnight basis.

The lending bank sets the indicator rate (which includes a liquidity and credit margin) at the time of negotiating the facility along with a line fee (expressed in basis points or percentage points per annum). This rate is usually set for the term of the facility.

1.2 Committed and uncommitted bank facilities

Committed bank facilities are calculated on a simple interest basis with interest paid in arrears (at the end of the borrowing period). Committed bank facilities are usually for a term of up to three years but may be for as long as five years. Most facilities allow for the borrower to draw up to the facility limit in various short term, 90 day tranches.

The lending bank sets the bank bill bid market settlement (BKBM Bid) rate at the time of lending along with the line fee (expressed in basis points or percentage per annum) and credit margin. This rate generally re-prices on a 90 day basis.

2.0 Local Authority Stock/Bonds

Local authority stock is registered and issued via tender or private placement to a range of investors. It can be issued into the wholesale or retail investor market. Stock is usually issued for maturities ranging from 90 days (CP) one to ten years (stock). Normally a fixed coupon payment, determined at the outset, is made semi annually to the holder of the security. A 90 day floating interest rate may also be determined. The stock is registered with the Council appointed registrar. The paper can be unrated or credit rated by a rating agency like Standard & Pooors.

Private placement generally provides better rates for the Council as the relationship bank approaches their investor base for interest and both the Council and the investor are assured of anonymity. The relationship bank completes the documentation required. With a tender situation the issuing Council must provide an invitation to tender, an information memorandum, bid forms and a covering letter to all participants. The tender is widely advertised and market bids are obtained.

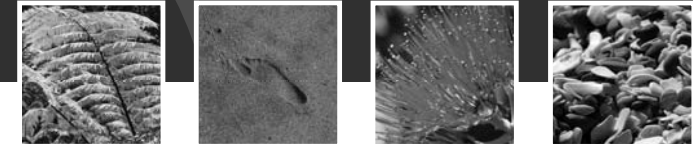
APPENDIX II - APPROVED INTEREST AND FOREIGN EXCHANGE RATE RISK MANAGEMENT INSTRUMENTS

I) Interest Rate Risk Management Instruments

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

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

- Fixing through physical borrowing instruments – e.g. loan stock, debentures, bank term loan.
- Floating rate bank debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
- Forward Rate Agreements (FRA) on bank bills and government bonds.
- Interest rate swaps including:
- Forward start swaps (start date less than 24 months);
- Amortising and accreting swaps;
- Swap extensions and shortenings.
- Purchase of interest rate options products on:
 - Bank bills (purchased caps and one for one collars)
 - Government bonds.
 - Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be



counted as part of the fixed rate cover percentage calculation.

- Interest rate collar type option strategies. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out in isolation (i.e. repurchased) otherwise both sides must be closed out simultaneously. The sold option leg of the collar structure must not have a strike rate “in-the-money”
- The forward start date of the collar strategy is to be no more than 24 months, and the underlying cap, swap commences within this period.
- Purchased borrower swaptions only that mature within 18 months.

Additions to and deletions from this list are recommended by the Chief Financial Officer and approved by the Council.

A glossary of terms for interest rate risk management mechanisms are set out in Appendix III.

Any other financial instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counter party credit limits (refer Investment Policy).

The following interest rate risk management instruments are NOT permitted for use:

- Interest rate options must not be sold outright. Selling interest rate options for the primary purpose of generating premium income is not

permitted because of its speculative nature.

- Structured 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).

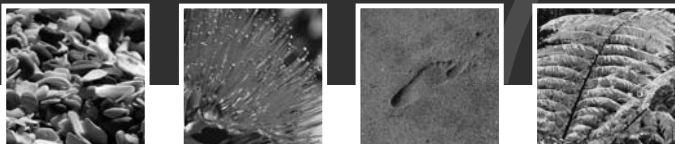
Foreign Exchange Rate Risk Management Instruments

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

Foreign exchange rate risk management instruments approved for use, consistent with the policy contained in Section (j) are:

- Foreign currency deposits
- Purchased currency options
- Forward foreign exchange contracts
- One for one collars
- Financial instruments other than those stipulated in Appendix II above require one-off Council approval prior to transacting.
- Foreign exchange options cannot be sold outright.
- The purchase price paid for an option (premium) is to be amortised (spread) over the period of cover and added to the actual average exchange rate achieved by Council.

- It is important that all significant tenders allow bidders the opportunity to select desired currencies and where possible allow for suppliers to transparently link price escalations to clear financial market references.



INVESTMENT POLICY

1.0 GENERAL POLICY

The Council recognises its fiduciary responsibility as a public authority and any investments that it holds should be at an appropriate level of risk, giving preference to conservative investment policies and avoiding speculative investments.

Section 102(4)(c) of the Local Government Act 2002 (the “Act”) requires the Council to adopt an investment policy (the “Policy”). Section 105 of the Act outlines the contents of such a policy:

“105: Investment policy

A policy adopted under Section 102(4)(c) must state the local authority’s policies in respect of investments, including –

- (a) The objectives in terms of which financial and equity investments are to be managed; and
- (b) The mix of investments; and
- (c) The acquisition of new investments; and
- (d) An outline of the procedures by which investments are managed and reported on to the local authority; and
- (e) An outline of how risks associated with investments are assessed and managed.”

The Council recognises its custodial responsibility and reviews the performance and purpose of all investments on an annual basis. The Chief Financial Officer reports on all investments at every Ordinary Council meeting.

The 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.

1.1 Investment mix

An investment asset is an asset owned by the Council for the delivery of Council services and includes and is not limited to land, buildings and infrastructure. A non-operational asset is owned by the Council that is not an investment asset. From time to time, the Council holds the following investment assets:

- Equities – share holdings held for strategic purposes
- Property
- Forestry
- Internal loans
- Liquid financial instruments

1.2 Use of Sale Proceeds on Disposition of Operational Assets

Net proceeds from the sale of an Operational Asset are returned to the relevant operational account and utilised as follows:

If there was debt attributable to the asset, payment of that debt is the first call upon any proceeds of sale (that is the cash value less any costs relating to the sale).

The proceeds of sale (that is the cash value less any costs relating to the sale) following the retirement of any debt will be used for the purposes of:

- The retirement of debt in relation to assets; or
- The funding of the purchase of new assets (as scheduled within a relevant Asset Management Plan); or
- The purchase of strategic assets; or

- Transferred to an appropriate reserve; or
- The funding of one off operational expenses. The proceeds will not be used to fund general operational expenditure.

1.3 Equity investments

The Council holds equity investments in the NZ Local Government Insurance Corporation as part of the Council’s membership.

The Council also has a 50:50 joint equity venture with the Crown (Ministry of Transport – Air Transport division) in the ownership of the Whakatane Airport. This investment is held for the strategic purpose of providing public access to emergency and scheduled air services to the Eastern Bay of Plenty. The Council controls the operation of the airport and the results of operations are consolidated into the Council’s financial accounts. The Whakatane Airport Annual report is reviewed and adopted by the Council prior to 30 September.

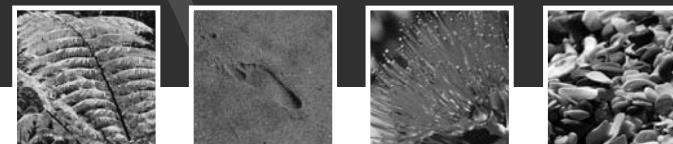
Income from the Council’s equity investments, including dividends, is included within general income. Refer to section 4.2 on use of sale proceeds on disposition of operational assets.

The Council aims to receive a rate of return on its equity investments that is higher than the official cash rate.

The sale or purchase of all equity investments requires the prior approval of the Council.

1.4 Property investments

The Council owns harbour endowment land that is currently leased to commercial tenants. Historically there were strategic and commercial reasons for holding this land, but the Council is now considering the option of selling a number of sites to leaseholders. Where appropriate the Council will consult with Iwi on property disposal and acquisitions.



The Council owns a number of other properties. Each year, the Council reviews the performance of all its property investments to ensure that the benefits of continued ownership are consistent with stated objectives.

All rental income received from the harbour endowment land is recorded in the Harbour Activity Account. Other property income is recorded as general funds or credited to the appropriate reserve account.

The Council approval is required for the sale and purchase of all property investments.

1.5 Forestry investments

The Council owns forestry assets. These assets are held as a long-term commercial investment to assist in maximising the return on the land. Income is included in general revenue. Any sale or purchase of forestry assets requires the prior approval of the Council. Refer to section 1.2 on use of sale proceeds on disposition of operational assets.

1.6 Financial investments

In investing in financial instruments the Council's primary objective is the minimisation of the risk of capital loss.

For the foreseeable future the Council will be in a net borrowing position although the Council holds funds from time to time as its cash flows dictate as well as those derived from its reserves and other funds. Investments are therefore made for the following primary reasons:

- to invest surplus cash and working capital funds
- to invest monies allocated to general and specific reserves, and debt redemption reserves
- to invest Harbour Property Fund sale proceeds (refer Section 1.4 of this policy).

General, specific, and debt redemption reserves, and the Harbour Property Fund are invested in liquid, short

term investments or internally lent to fund activity centre infrastructure projects. The Council allocates funds between those investments that emphasise capital protection, are liquid and have regular interest payments.

Normally, financial investments are held to maturity date. In the unusual circumstance where investments are liquidated prior to maturity, approval is obtained from the Chief Financial Officer. Proceeds from the redemption of financial investments are used in accordance with the terms of the original purpose of the reserve or fund, or in accordance with a resolution of the Council.

Interest income from financial investments is credited to general funds, except for income from investments for specific reserves, debt redemption reserves, and the Harbour Property Fund, where interest is credited to the particular reserve or fund.

The Council aims to achieve a rate of return on its financial investments that is higher than the official cash rate.

(a) Financial investment objectives

The Council's primary objective is to preserve the capital value of investments. Accordingly, investment is restricted to creditworthy institutions (counter parties) that must have a minimum credit rating of A-1 for short term and A+, for long term investments (see the Counter party Exposure Limits Section).

Within its credit constraints contained above the Council seeks to:

- Ensure investments are liquid and sufficiently negotiable
- Diversify the mix of financial investments
- Optimise investment return

- Manage potential capital losses due to interest rate movements if investments need to be liquidated before maturity

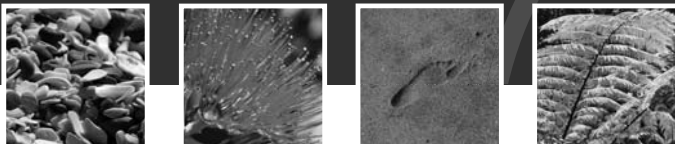
The following principles capture the objectives outlined above and form the key assumptions of the operating parameters contained in Counter party Exposure Limits:

- Credit risk is minimised by placing maximum limits for each broad class of non-government issuer and by limiting investments to local authorities, registered banks, state owned enterprises (SOE) and corporates within prescribed limits.
- Liquidity risk is minimised by ensuring that all investments are capable of being liquidated in a readily available secondary market. The Council's financial investments are structured to provide sufficient funds to meet Council's cash flow and capital expenditure obligations as they fall due.

(b) Approved investment instruments

Within the constraints of the Counter party Exposure Limits, the Council invests in the following instruments:

- Government securities
- Registered bank securities
- Approved corporate, local authority and SOE securities
- A full list of approved instruments and their definitions are contained within Appendix I.



(c) Interest rate risk management

- The Council's financial investments give rise to a direct exposure to a change in interest rates, impacting upon the financial return and potentially the capital value of its investments.
- A key part in the management of financial investments is the formulation of an interest rate strategy. An interest rate strategy is approved by the Chief Financial Officer.
- Once approved the interest rate risk management strategy is implemented by:
- Using risk management instruments to protect investment returns and to change the interest rate profile.
- The use of interest rate risk management instruments requires the approval of the Council.
- Approved risk management instruments are outlined in Appendix II.

1.7 Harbour property fund

The Council holds the net proceeds from the sale of harbour property land in a separate fund for the long-term benefit, management and development of the District's Ports and associated lands. The fund is considered separately from other financial investments discussed in Section 1.6 of the Investment Policy.

The fund's investment objectives are to:

- preserve the capital value of the fund
- maintain the real capital value of the fund with regard to inflation
- invest in instruments that provide a constant income stream.

Specific investment policies relating to this fund are:

- that the inflation adjusted capital value of the fund will not be withdrawn
- that the fund's capital value is preserved and funded from interest income on a quarterly basis by reference to the change in Statistics New Zealand "All Group Consumer Price Index". Any excess revenue is used to specifically fund harbour development
- that the Council prefers fixed interest investments with regular interest payments.

1.8 Debt redemption reserves

The Council no longer sets up sinking funds for new loans but may establish specific Debt Redemption Reserves for each new borrowing. As the Council is a net borrower for the expected life of the reserve, the funds are utilised for internal loan purposes and managed within the internal borrowing policy.

1.9 Foreign exchange

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

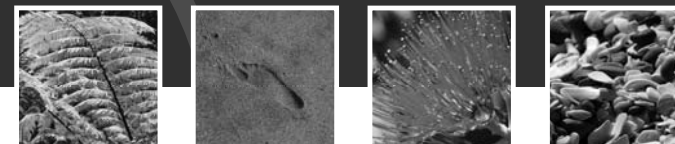
1.10 Counter party exposure limits

The Council ensures that all investment and interest rate risk management activity is undertaken with institutions that have a strong credit rating. This is to ensure that the amounts owing to the Council are paid fully and on due date. Default or credit risk is minimised through a combination of portfolio diversification and the selection of quality investments.

More specifically, the Council minimises its credit exposure by:

- Transacting with entities that have a strong or better Standard & Poor's, Moody's or equivalent credit rating

- Limiting total exposure to prescribed amounts and portfolio limits
- Ensuring investments are liquid and able to be sold into a readily available secondary market
- Monthly monitoring of 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
Government	A1+	AA+	Unlimited
Registered Bank	A-1	A+	\$5 million
On balance sheet exposures			
Off balance sheet exposures	A-1	A+	\$10 million
Strongly rated Corporates, Local Authorities and SOE's (on balance sheet exposures only)	A-1	A+	\$1 million

Approval is required from the Council for any alterations to these limits.

If any counter party's credit rating falls below the minimum specified in the above table, all practical steps are taken to reduce the credit exposure to that counter party to zero as soon as possible. Counter parties exceeding limits are reported to the Council.

In determining the usage of the above gross limits, the following product weightings will be used;

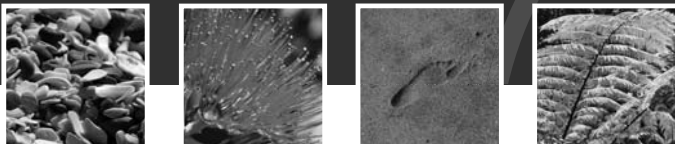
(a) On balance sheet

Total amounts invested with that counter party.

(b) Off balance sheet

Credit exposure on interest rate contracts is computed by multiplying the face value of outstanding transactions by an interest rate movement factor of 3% per annum i.e. notional amount * maturity (years) * 3%.

Credit exposure on foreign exchange is computed by multiplying the face value amount by the (square root of the maturity (years) x 15%)



APPENDIX I - APPROVED FINANCIAL INVESTMENT INSTRUMENTS

1.0 New Zealand Government

1.1 Treasury bills

Treasury bills are registered securities issued by the Reserve Bank of New Zealand on behalf of the government. They are usually available for terms of up to a year, with 90 day terms generally preferred by investors. They are discounted instruments held primarily for bank balance sheet liquidity management purposes.

1.2 Government stock

Government stocks are registered securities issued by the RBNZ on behalf of the government. They are available for terms ranging from one to twelve year maturities. Government stock has fixed coupon (interest) payments every six months. It is quoted on a semi annual yield basis and is priced on a discounted cashflow basis. It is readily negotiable in a secondary market.

2.0 Registered Banks

2.1 Call and Term deposits

Call and term deposits are funds accepted by the bank on an overnight basis (call) or for a fixed term. Interest is usually calculated on a simple interest basis. Term deposits are for a fixed term with the expectation that they will be held to maturity. Term deposits are not negotiable instruments and termination prior to maturity date can involve penalty interest costs.

2.2 Registered Certificates of Deposit (RCD)

RCDs 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 of registration include the name of the investor, face value and maturity date. Ownership can only be transferred by electronic transfer. RCDs are priced on a yield basis and issued at a discount to face value or on a grossed up basis. They are generally preferred over term deposits because investors can sell them prior to maturity without suffering the penalty interest costs common to term deposits.

3.0 Corporates

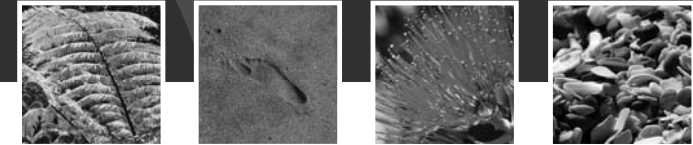
3.1 Promissory Notes (also known as Commercial paper)

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. Promissory Notes are issued with maturities ranging from 7 days to over one year. The common maturities are for 30 and 90 days. The face value of the note is repaid in full to the investor, on maturity.

3.2 Corporate bonds

Corporate Bonds are financial instruments issued by companies, banks, local authorities and SOE's that have a strong credit rating. These bonds are registered securities. There are two types of bond: the medium term note (MTN) and the floating rate note (FRN).

The MTN has a fixed coupon payment that is paid semi annually to the holder of the security. They are priced on a semi annual yield basis and are issued at a discount/premium to face value. The interest on the FRN is set on a floating rate basis, usually off the 90 day BKBM bid rate. Corporate bonds are negotiable and can be bought and sold in the secondary market.



APPENDIX II - APPROVED INTEREST RATE RISK MANAGEMENT INSTRUMENTS

Approved risk management instruments include:

- Forward rate agreements on bank bills.
- Interest rate swaps of less than 18 months.
- Purchased interest rate option products on bank bills (purchased floors).
- Interest rate collar type option strategies (one for one basis only). One for one collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out in isolation (i.e. repurchased) otherwise both sides must be closed out simultaneously. The sold option leg of the collar structure must not have a strike rate “in-the-money”.

Glossary of terms for interest rate risk management mechanisms are set out in Appendix III.

Any other financial instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counter party credit limits.

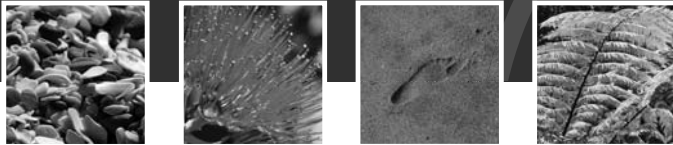
The following interest rate risk management Instruments are NOT permitted for use:

- Selling interest rate options for the primary purpose of generating premium income is not permitted because of its speculative nature.
- Structured interest rate option strategies where there is any possibility of Council's total interest income increasing in a declining interest rate

market or where Council's total interest cost is increasing faster than the general market rate.

- Interest rate futures contracts, mainly for administrative ease.

Additions to and deletions from this list are approved by the Council.



DEVELOPMENT CONTRIBUTIONS POLICY

1.0 INTRODUCTION

This policy sets out what monetary contributions or contributions in the form of land will be required by the Council when development occurs that results in a growth related impact.

Under the Local Government Act 2002, (“LGA”) the Council is required to have a policy on development contributions as part of its funding and financial policies in its LTCCP.

Development contributions may be required from development if the Council has a development contributions policy in place. The Council first adopted a development contributions policy as part of its LTCCP in June 2004. It was reviewed in 2006 and again for inclusion in the LTCCP from 1 July 2009.

Policies relating to development contributions are controlled by the LGA. The LGA creates a framework for managing the costs of growth (s106 LGA).

Development contributions under the LGA are in addition to, and separate from, financial contributions imposed as a condition of a resource consent under Section 108 of the Resource Management Act 1991. A financial contribution may be in the form of money or land or a combination of both. While Council generally considers development contributions under this Development Contribution Policy as its main funding tool for growth related costs of network infrastructure, community assets and reserves, it may also require financial contributions for other activities as set out in the District Plan.. Development Contributions must not be required where a Financial Contribution has been applied as a condition on a consent for the same purpose on the same development.

Development contributions taken by the Council under the LTCCP relate directly to the assumed cost of development on current and future infrastructure networks.

2.0 PURPOSE

The purpose of the Whakatane Development Contributions Policy (“the policy”) is to enable development contributions to be taken that ensure developers make a fair and equitable contribution to the development of network infrastructure, community infrastructure and reserves required to maintain an accepted level of service as development increases demand in the district.

The policy will apply to developments where applications for resource consent (land use and subdivision consents), building consents, or authorisations for service connection are received.

The policy is not intended to apply retrospectively, as provided by the Local Government Act 2002, for the pre-existing status of development on a property, including where applications for resource or building consents or service authorisations have already been granted by the Council before the implementation date of the policy. For clarity, a contribution is payable at a later stage of a development if an earlier application (resource consent, building consent or service connection) was granted prior to the implementation date of this policy but the subsequent application occurs after the date of implementation of the policy.

The Council may require contributions from a development where the effect, including the cumulative effect of a development with other developments, is to require new or additional assets or assets of increased capacity and, as a consequence, the Council incurs capital expenditure.

This also includes capital expenditure the Council has already incurred in anticipation of growth. This capital expenditure must be to provide for community facilities, which in the case of the Whakatane District, are network infrastructure, community infrastructure and reserves.

Funding the Council’s capital expenditure for growth with development contributions must be considered alongside the Council’s other funding tools, in order to provide certainty about the sources and levels of funding.

See also section 7.0 of this policy for further explanation of when the policy will apply.

3.0 BACKGROUND

The 2006 policy was put in place to recover growth costs arising from increased infrastructure demand from new developments in the district. Subdivision and new building has continued from 2006 to 2009.

While the rate of growth in new dwellings and businesses has slowed over the course of 2008 and 2009, there is still a steady number of new houses being constructed in Whakatane and Ohope urban areas and recent suburban subdivisions, and in the rural area of Otakiri. Coastal locations are still a popular choice for new home buyers and those building. The number of building consents and new allotments over the last three years is summarised in Tables 1 and 2 on the following page:

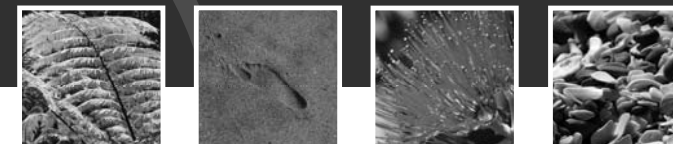


Table 1: Additional lots created through subdivision

	2005-2006	2006-2007	2007-2008
Whakatane	88	45	51
Ohope	19	7	9
Edgecumbe	15	11	3
Matata	1	2	1
Rural	79	105	79
Te Urewera	1	0	0
Total per Financial Year	203	170	143

Table 2: Building consents granted for residential dwellings

	2005-2006	2006-2007	2007-2008
Whakatane-Ohope	128	89	69
Taneatua-Waimana	2	7	7
Edgecumbe-Tarawera	12	26	55
Murupara-Galatea	3	4	5
Total per Financial Year	145	126	136

The slowing of development may continue with decreases in the number of new units of demand created in the early years of this LTCCP period, but the opportunity for investment and the growth potential of the area is still being increasingly recognised and actively encouraged by regional and local economic development initiatives. It is very likely that this opportunity will be taken advantage of by developers over the medium and long term.

The infrastructure required to support new developments includes, but is not limited to:

- Parks and Reserves,
- Network Infrastructure (roading and transport, stormwater, water supply and wastewater) and;
- Community Infrastructure (facilities on parks and reserves, libraries, public toilets, leisure and community centres).

4.0 FINANCIAL CONTRIBUTIONS

Development Contributions under the Local Government Act 2002 are different from Financial Contributions under the Resource Management Act 1991.

The Resource Management Act 1991 restricts the charging of financial contributions to only those activities that avoid, remedy or mitigate environmental effects.

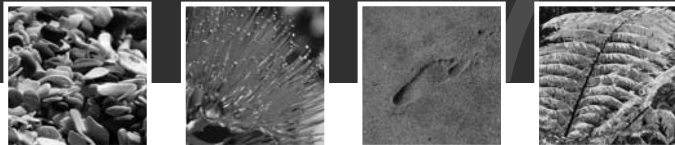
The Proposed Whakatane District Plan, which will be made partly operative shortly, does not contain a Financial Contributions Policy. Once this plan is made operative, the existing Financial Contributions Policy under Ordinance 9C of the Transitional Whakatane District Plan and the transitional provisions of the Resource Management Act 1991 will not apply and the Council will not be able to take financial contributions from any new development or subdivision until a new policy is introduced.

The current contributions taken under the Transitional District Plan have tended to be limited to localised roading impacts, based on up to 50% of the value of the road upgrading required; and public carparking in cases where insufficient on-site carparks are provided within Business 1 zone. There have been some contributions towards infrastructure contributions as a result of unanticipated development.

Financial contributions will be included in the planned review of the District Plan (to be prepared over three years starting from July 2009) and will enable contributions to be taken to mitigate environmental effects of a development or subdivision.

This is likely to be limited to the taking of land for reserves, localised roading impacts and off-site carparking in Business Zones.

On this basis, the anticipated income from financial contributions is likely to be negligible over the period of the LTCCP.



5.0 CAPITAL EXPENDITURE FOR COMMUNITY FACILITIES

Development contributions reflect the impact that a development (or a development in conjunction with other developments) has in requiring new or additional assets or assets of increased capacity. Capital works that are needed to improve the level of service to existing ratepayers or for renewal of existing assets must be funded from other sources. The Council will spend all collected contributions on the asset classes to deliver the benefit or equivalent benefit for which they are collected.

The following table summarises:

- The total estimated inflation adjusted capital expenditure for projects which include a growth component over the next 10 years; and
- The amount of total estimated capital expenditure which will be funded from development contributions.

Table 3: Ten-year estimated total capital expenditure and amount to be funded by development contributions

ASSET GROUP	TOTAL COST OF CAPITAL WORKS PROJECTS	AMOUNT FUNDED BY DEVELOPMENT CONTRIBUTIONS
Water	\$2,828,546.10	\$995,603.87
Stormwater	\$0.00	\$0.00
Wastewater	\$9,652,140.40	\$2,215,519.80
Solid Waste	\$15,603,105.00	\$3,744,745.10
Roading and Carparking	\$35,971,735.23	\$7,924,470.90

Community Infrastructure	\$27,613,960.00	\$3,992,539.40
Reserves	\$8,219,411.60	\$904,135.26
Grand Total	\$99,888,898.33	\$19,777,014.33

Capital expenditure for reserves includes acquiring open space and the further development of existing reserves (e.g. play equipment, controlled walkways and landscaping).

Council will update the Development Contributions Policy at least every three years at each LTCCP cycle to take account of:

- Any changes to the significant assumptions to the Development Contributions Policy (refer section 16.0);
- Any changes in policy as the Council deals with growth (or a lack of growth) issues;
- Any changes in the capital works programme for growth;
- Changes in growth assumptions;
- Any changes in the pattern and distribution of development in the District;
- The regular reviews of the Revenue and Financing Policy, and the LTCCP.

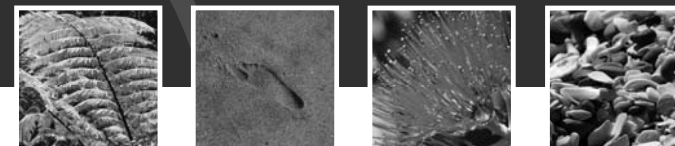
The capital expenditure costs are based on the best current estimate of costs. These will be refined in subsequent revisions of the policy based on updated information about assets and growth. In most cases a percentage estimate of what is growth related costs has been used to determine the capital expenditure required for growth.

Council has already incurred capital expenditure with a growth component, to cater for future development, and the development contributions include fees to recover this growth component. Table 3a summarises:

- The historical capital expenditure for projects with a growth component; and
- The amount of that capital expenditure which will be funded from development contributions.

Table 3a: Historical capital expenditure and amount to be funded by development contributions

ASSET GROUP	TOTAL COST OF CAPITAL WORKS PROJECTS	AMOUNT FUNDED BY DEVELOPMENT CONTRIBUTIONS
Water	\$980,000.00	\$107,800.00
Stormwater	\$908,000.00	\$408,600.00
Wastewater	\$1,649,413.00	\$367,941.30
Solid Waste	\$238,350.00	\$57,204.00
Roading and Carparking	\$532,000.00	\$69,160.00
Community Infrastructure	\$500,000	\$54,986.39
Reserves	\$0.00	\$0.00
Grand Total	\$4,807,763	\$1,065,691.60



6.0 COMMUNITY OUTCOMES

The LTCCP details nine community outcomes for the Whakatane District. The categories of community outcomes are:

- Clean protected environment
- Environmentally responsible development
- Prosperous economy
- High quality affordable infrastructure
- Strong, transparent and open leadership
- Education and training opportunities for all
- Safe caring community
- Healthy people and quality housing
- Diverse, creative and active community.

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

(a) Clean protected environment

Where:

- 1 The environment is clean and natural resources are protected and conserved
- 2 Waste is well managed

(b) Environmentally responsible development

Where:

- 1 Development is planned, managed and controlled sustainably
- 2 Economic growth is balanced with cultural, social and environmental responsibility
- 3 Environmental laws are actively enforced

- 4 There is a sense of pride and enjoyment about how attractive the district is

(c) Prosperous economy

Where:

- 1 The economy is prosperous in both urban and rural areas
- 2 Business builds on the district's assets to support the economy
- 3 Māori economic development is supported
- 4 New businesses are attracted to the area and all businesses are encouraged

(d) High-quality affordable infrastructure

Where:

- 1 High-quality affordable infrastructure supports growth (e.g. transport, water, energy, waste)
- 2 Transport links to the district are maintained and enhanced
- 3 Roothing is safe, convenient, and appropriate to all users

(e) Strong, transparent and open leadership

- 1 Council costs are appropriate for the services provided

(f) Healthy people and quality housing

Where:

1. Affordable, quality housing is available for all

(g) Diverse, creative and active community

Where:

- 2 Facilities and venues are in place to accommodate a wide range of activities for all

- 3 Activities and events support and celebrate culture, creativity and recreation

- 4 Parks, reserves and recreational facilities are enhanced and increased

7.0 DISTRIBUTION OF BENEFITS

The Council considers that development contributions are required from development on a district-wide basis in the funding of some capital expenditure for growth for solid waste, roading and community infrastructure.

Development Contributions will be required on a catchment basis (within defined planning areas) for water, stormwater, wastewater, and some expenditure for roading, community assets and reserves.

The Council has allocated the additional capacity/growth component of capital works projects over the units of demand estimated to be generated by new development over the next 10 years where works have been designed with this level of growth in mind. In some cases, where longer term growth capacity is provided, a 25 year timeframe is used. In other cases, where projects relate entirely to new developments, the total capital cost is allocated across the amount of development able to be serviced by the project.

A number of specific catchments of benefit have been identified. The identified catchments and their Census area unit (CAU) equivalents are noted below.

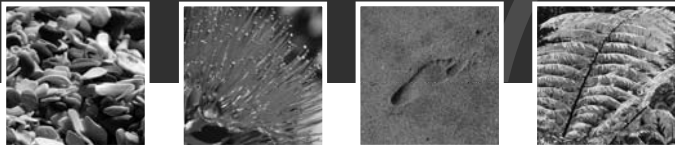


Table 4: Catchments of benefit and Census Area Units (CAUs)

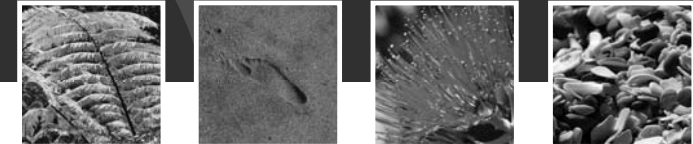
PROJECT CATCHMENTS	CAUs
District Solid Waste	All
District Rooding	All
Northern Community	Ohope; Matata; Taneatua; Edgecumbe; Te Teko; Whakatane North; Coastlands; Whakatane West; Trident; Allandale-Mokorua; Orini; Maraetotara; Poroporo; Otakiri; Rotoma; Waimana; Urewera (All except Matahina-Minginui and Murupara)
Northern Community Rooding	Ohope; Matata; Taneatua; Edgecumbe; Te Teko; Whakatane North; Coastlands; Whakatane West; Trident; Allandale-Mokorua; Orini; Maraetotara; Poroporo; Otakiri; Rotoma; Waimana; Urewera (All except Matahina-Minginui and Murupara)
Ohope Wastewater Treatment and Reticulation	Ohope, Maraetotara
Otarawairere Stormwater and Wastewater	Non-CAU Catchment (Part of Ohope CAU)
Piripai Wastewater Reticulation	Non CAU catchment (Part of Coastlands CAU). New development.
Piripai Water Reticulation	Non CAU catchment (Part of Coastlands CAU). New development.
Plains Water Supply	Non-CAU Catchment (Metered properties)
Whakatane Wastewater Reticulation	Allandale-Mokorua; Trident; Whakatane North; Whakatane West, Coastlands
Whakatane Wastewater Treatment	Allandale-Mokorua; Trident; Whakatane North; Whakatane West, Coastlands
Whakatane Water Reticulation	Allandale-Mokorua; Trident; Whakatane North; Whakatane West, Ohope, Maraetotara, Coastlands
Whakatane Water Treatment	Allandale-Mokorua; Trident; Whakatane North; Whakatane West, Ohope, Maraetotara, Coastlands

Non-residential Development - For non-residential development and subdivision, the Council will limit the application of the policy to contributions towards network infrastructure, solid waste and rooding. No contribution for community infrastructure and reserves will be payable for non-residential development, except where that development is for permanent and/or visitor accommodation.

Rooding and Whakatane car parking - The Council sees rooding as a district-wide network service. The rooding network is planned, managed and delivered as a single integrated network servicing the entire district at a

uniform level of service at any time. The rooding network provides connectivity and accessibility throughout the district and is available to all users without restriction. The network therefore supports development throughout the district and is designed and developed as a single entity. Growth related capital expenditure for rooding is designed to reduce the effects of having more vehicles on the roads. Some transport expenditure, including alternative mode and car-parking expenditure will be recovered from the Northern Community Rooding catchment only.

Utilities - The Council runs a number of schemes across the district for water supply, stormwater and wastewater. Growth related capital expenditure improvements will generally have benefits mainly related to those people connected to that system. For this reason, development contributions for water, stormwater and wastewater are collected on the basis of catchments. Only those lots or developments that are located within those catchments that will benefit are required to pay a development contribution.



Solid waste – This facility is generally of benefit to the district, and is available for use by everyone. The Council considers that this facility is of benefit to all users without restriction and that new development should contribute towards it.

Reserves and Community Infrastructure - The need for community infrastructure and reserves span generational needs. In general the community draws benefits from community infrastructure and reserves in relation to its lifecycle. For example use of reserves, swimming pools and indoor recreation centres in earlier years, a library throughout its life, and finally, a cemetery. In addition to the fact that community facilities are available to and benefit all of the community, issues of health, welfare and education are issues of general benefit. Therefore, the contribution towards this component of the policy will be sought at the time of residential development or commercial development that involves permanent or visitor accommodation.

8.0 PLANNING TIMEFRAME AND COST RECOVERY

It is expected that the benefits of the capital works projects identified, some of which are already available to the District where community facilities have been built in anticipation of growth, may extend beyond the 10-year timeframe used, according to the life of the particular asset built. In the case of some large scale, unique roading and community assets, a 25 year cost-recovery time-frame is used. In these cases, it is also expected that the benefits of the works may extend beyond the 25-year cost recovery timeframe. The cost recovery timeframe is set for reasons of fiscal prudence. This approach helps manage the significant financial risks faced by Council in creating infrastructure in anticipation of growth, and is a fair balance of developer and wider community interests.

For some projects which will exclusively benefit new developments in a defined catchment, cost recovery is made across the whole development, and the timeframe for recovery will be set by the timeframe of completion of the development in the catchment.

The 10-year timeframe is the basis of capital expenditure forecasting information held by the Council.

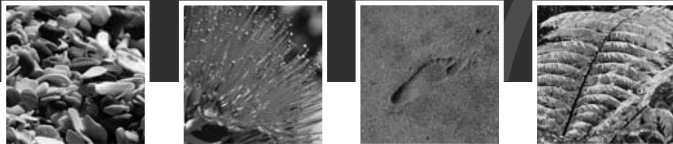
9.0 ROLE OF THE COUNCIL

The Council considers its role in the provision of water, stormwater, wastewater, solid waste, roading, community infrastructure, reserves and Whakatane town centre car parking as part of its historic, growth management, and sustainable development obligations to the District. Neither individuals, the community, the private sector nor central Government can appropriately fulfil these roles.

- **Water**
The Council provides and maintains water supply to the urban settlements of Whakatane including Ohope, Edgecumbe, Te Mahoe, Taneatua, Murupara, Matata, Waimana and Ruatoki. In addition there is a rural water supply scheme on the Plains, including Te Teko.
- **Stormwater**
The Council provides and maintains stormwater reticulation and catchment management systems for the disposal of stormwater in Whakatane, Ohope and Coastlands.
- **Wastewater**
The Council provides wastewater schemes to the urban areas of Whakatane, including Ohope, Edgecumbe, Taneatua, Te Mahoe and Murupara.
- **Solid Waste**
The Council provides refuse collection, recycling and disposal services. A transfer station and new

landfill are proposed to better manage solid waste disposal in the District.

- **Roading and Whakatane car parking**
The Council's transportation role is to provide a safe and cost effective network of roads to satisfy the current and future growth needs of road users, and to encourage alternative forms of transport with the development of walking and cycling networks. Roading needs to form part of a safe and efficient regional and national system of transport. The Council provides car-parking within Whakatane and Kopeopeo for the whole community. This involves the construction of new car parks to meet increased demand
- **Community Infrastructure**
The Council provides and maintains community infrastructure within the district such as sports facilities, community halls, and the museum and gallery. A new heritage storage facility, new library and Arts and Culture Centre is planned to meet increasing demands on the existing museum and library for improved levels of service through larger and more modern facilities.
- **Reserves**
The Council provides a range of reserves for district-wide and community-wide benefit including the provision of active and passive reserves as well as those that provide protection to significant ecological areas. Population growth in the urban areas will necessitate the acquisition of land to develop new reserves and to provide facilities on existing reserves.



The activities have been analysed and the reason the Council is engaged in each activity falls into one or more of the following definitions:

- **Legislative Requirement**
The Council has extensive powers, duties, and functions conferred upon it by central Government providing both mandatory and discretionary responsibilities.
- **Growth Management**
To manage the growth of the district in a timely, co-ordinated, cost-effective, and equitable manner. The Council also has a large role to play in anticipating the development drivers and trends within the district and also those occurring elsewhere that will have an effect on the district.
- **To Ensure Public Access**
These are activities the Council has chosen to fund and/or provide to ensure they are available at reasonable cost and in the required quantity.
- **To Meet Community Expectation**
Community expectation is measured through yearly Annual Plan processes and annual performance measures. These processes assist in the Council's decision-making in relation to the provision of individual services. Community expectation will also be given effect through the preparation and subsequent reviews of the LTCCP.
- **To Enhance Community Identity**
A 'sense of community' is strengthened by the provision of various recreational and community facilities.

- **As Part of Partnership with Central Government**
The Council is in partnership with central Government in various ways and there are situations where the Council has been able to assist at the local level.
- **No-one Else will Provide the Service**
These are activities where, if the Council were to stop providing a service, no alternative provider would appear.
- **To Enhance Community Safety**
Community safety applies to activities that relate to the protection of the community. In some instances there is a statutory responsibility to provide this service but the level of service is higher than the statutory minimum requirements.
- **Integration with other Regional and Sub-Regional Strategies**
Linkages with other strategies such as SmartGrowth (the Western Bay of Plenty sub-regional growth strategy), in particular the SmartGrowth Eastern Corridor Strategy, and the Regional Land Transport Strategy.

10.0 COSTS, BENEFITS AND SUSTAINABLE DEVELOPMENT

Developments in the district will place strain on the water, stormwater, wastewater, solid waste, roading and Whakatane car parking, community infrastructure and reserve assets of the district if not well managed.

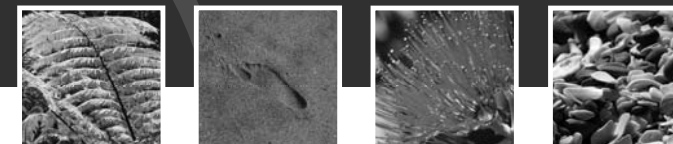
The challenge is to put in place a transparent, consistent, and equitable basis for requiring contributions in order that those undertaking developments pay a fair share of the required growth capital expenditure without inhibiting

growth. Those undertaking developments, the Council, and the community benefit from growth, and the cost of growth needs to be fairly balanced given the limited sources of funding available to the Council. The overall impact of requiring development contributions on the current and future social, economic, environmental and cultural wellbeing of the community needs to be considered.

If development contributions are not taken from developments, then either the Council will not be able to provide the necessary community facilities for new demand, or more revenue will need to come from rating. The latter scenario means that existing ratepayers meet the costs for growth capacity for new development. This situation will negatively impact on all aspects of wellbeing for the community. It is recognised that development contributions will fall on those developing land at a time of high cost through land development or construction costs, but those costs were determined to appropriately fall on those creating the need for capital expenditure, not the ratepayers generally.

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

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



11.0 SCHEDULE TO DEVELOPMENT CONTRIBUTIONS POLICY

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

- The requirement for development contributions.
- Statement on Goods and Services Tax.
- Explanation of units of demand.
- The event that will give rise to a requirement for a development contribution (resource consent, building consent or authorisation for service connection).
- The development contributions required from development for capital expenditure for growth for water, stormwater, wastewater, solid waste, roading and Whakatane car parking, community infrastructure and reserves.
- The basis on which the value of additional allotments or land is assessed for reserves.

11.1 Requirement for Development Contributions

Section 197 of the LGA defines “development” as:

- any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure; but
- does not include the pipes or lines of a network utility operator

A development contribution may be required in relation to a “development” when:

- The effect of that “development” is to require new or additional assets or assets of increased capacity;

- The Council incurs capital expenditure to provide appropriately for those assets; and
- This policy provides for it to be required.

The “effect” of a development, in terms of impact on these assets, includes the cumulative effect that a development may have in combination with another development.

The Policy also enables Council to require a development contribution that pays, in full or in part, for capital expenditure already incurred by the Council in anticipation of development.

Council will not require a development contribution if:

- Under s108(2)(a) of the RMA, it has imposed a condition on a resource consent in relation to the same development for the same purpose; or
- The developer will fund or otherwise provide for the same reserve network infrastructure, or community infrastructure; or
- It has received, or will receive, full funding from a third party.

Development contributions will be required from new development in the form of money or land or both, at the Council’s discretion, for capital expenditure required for new or additional assets or assets of increased capacity arising from that development (or that development in combination with other development) for network infrastructure, community infrastructure and reserves according to the calculation of development contributions specified in 11.6.

Financial contributions under a policy in the District Plan for subdivision or land use of a site will still apply since these charges relate to local effects only.

The requirement for a development contribution is subject to the credits and review procedure provided for in section 12.0 of this policy.

Generally, the maximum level of development contributions will be required on development over and above that existing at the time of an application, creating additional units of demand, as assessed by the Council according to section 11.6 of this policy.

Under this policy, development contributions can be assessed with the applicant before the lodgement of a resource consent, building consent or service connection application. However, in the absence of an applicant seeking this assessment before the lodgement of an application, the Council will assess the quantity of the development contribution once it has received the relevant application and before the application for resource or building consent is granted.

11.2 Capital expenditure and cost inflation

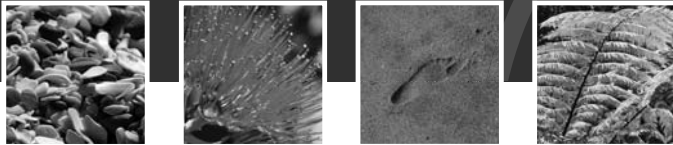
All costs from projects in the ten-year plan used in the Development Contributions Policy are based on current estimates of infrastructure construction prices in 2009-2010 dollar terms with inflation of all capital costs over the period using cost inflation adjustors supplied by BERL.

11.3 Statement on Goods and Services Tax (GST)

The amounts in this development contributions policy are exclusive of GST. Development contributions will be required inclusive of GST.

11.4 Units of demand

The Council has apportioned the cost of capital works projects between renewal, additional capacity/growth and improved level of service. The additional capacity/growth component of capital expenditure has been allocated to growth on the basis of units of demand generated by new development only.



Growth assumptions provide an estimate of potential Household Equivalent Units (HEUs), the base unit of demand, for cost recovery across the district.

The total estimated HEUs for Whakatane over 10 years are a mix of:

- New dwellings and business related buildings (residential and commercial/industrial),
- Infill potential (including the potential for an increase in density of residential development by the construction of apartment complexes and similar forms of higher density residential development);
- Land zoned for a residential purpose (household unit) or that could be potentially used for a household unit that can be subdivided;
- Vacant lots that have been subdivided.

The selected unit of demand is the Housing Equivalent Unit (HEU) calculated as follows:

- For green-field residential development, fees per HEU will be applied uniformly for each lot regardless of size for reasons of administrative simplicity and because lot size is not considered to have a material impact on demand.
- For an infill residential development, a residential dwelling as defined in the District Plan.
- For household units that are 75m² in gross floor area or less, the HEU shall be reduced on a sliding scale based on the actual gross floor of the proposed household divided by 75. For example, a household of 60m² in gross floor area will pay 0.8 HEU (or 80%) of the development contribution otherwise payable

The HEU conversion factors for various land-use types are listed for each network infrastructure type in Table

6. In some cases however, a case-by-case assessment may be required.

Growth assumptions underpinning this policy are based on Statistics New Zealand projected population and household figures for the Census Area Units in Whakatane District. The LTCCP and the supporting documents such as Asset Management Plans use the medium growth population projection for the District as a whole. Council considers the medium residential growth scenario to be a prudent basis for decision-making influenced by growth issues.

Based on the Statistics New Zealand data, residential HEU figures have been calculated for 2009 and 2019:

Table 5: Residential HEUs for the 2009-19 LTCCP period

	2009	2019	GROWTH
HEUs	13687	15254	1567

A number of catchments of benefit, primarily for water and wastewater assets, have been identified, and growth HEUs for these catchments have been identified based on analysis by Census Area Unit. The identified catchments are noted in section 11.6 Calculation of Development Contributions Required from Development or Subdivision.

Non-residential growth HEUs and their distribution are taken into account when calculating the number of HEUs over which cost recovery will be spread. The following non-residential growth HEU estimates have been based on reports compiled by Property Economics noting long-term high growth scenarios for retail, commercial and industrial land from 2007 to 2046. The reports calculate through employment figures and sector analysis the likely location and amount of growth, and translate this into a long-term average of floor space and/or land area growth. These figures are considered a prudent basis for estimating non-residential growth.

Using a simplified version of the conversion factors in Table 6, the growth scenarios have been converted into HEUs. For non-residential demand, the HEU estimation varies depending on the particular infrastructure being considered. This projected demand in HEU terms is then added to the residential demand to give a total demand over the 10 year period 2009-19 for each community facility. The areas where non-residential growth is predicted to occur are all in the Northern Community catchment.

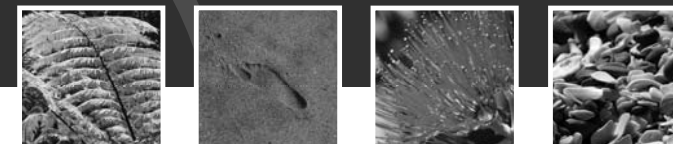
For roading, 1,809 growth HEUs over the next 10 years (based on a household equivalent of 25 vehicles per day) have been projected. This figure is based on projections of 1,567 residential HEUs and 242 non-residential HEUs over the next 10 years. For the Northern Community Roading catchment alone, a total of 1,771 HEUs is projected over the next 10 years, comprising 1,529 residential HEUs and 242 non-residential HEUs.

For water and wastewater services residential and non-residential growth data has been used to assess the ten-year demand growth in HEU terms for each catchment.

For reserves and community asset expenditure, demand is assessed as the 1,529 residential growth HEUs in the Northern Community catchment only. Note that reserves and community asset development contributions will apply to developments of permanent and non-permanent accommodation as per section 7.0.

HEUs for cost recovery over 25 years for roading, community assets and solid waste are based on extrapolation of Statistics New Zealand residential data and council's non-residential data.

Units of demand will be reviewed when the policy is reviewed.



The Council has prepared the following conversion factors for different land use types as follows:

Table 6: Units of Demand Applicable To Different Land Use and Subdivision Types

Note: Many of the terms referred to in Table 6 are defined in Appendix B

ACTIVITY	HEU CONVERSION FACTORS
Subdivision	
One residential lot	1.0 HEU
One commercial or industrial or mixed use lot	1.0 HEU
Development	
One household unit - More than 75m ² in gross floor area.	1.0 HEU per unit
One household unit of 75m ² in gross floor area or less	Actual floor area divided by 75 as a percentage of 1 HEU
One visitor unit of accommodation (excluding backpackers – see below). For example, motel, hotel units.	0.6 HEU per unit for water, stormwater and wastewater contributions and 1.0 unit of demand for all other contributions.
Backpackers	1.0 HEU per 300m ² of site area or part thereof
Industrial development	Water – 0.3 HEU for each 500m ² of gross floor area or part thereof. Wastewater – 0.25 HEU for each 500m ² of gross floor area or part thereof Stormwater – 2.0 HEU per 500m ² of site area Solid waste – 1 HEU per 500m ² of site area or part thereof. Roading and Whakatane car parking – 0.8 HEU per 100m ² of gross floor area.
Commercial development Mixed use development (Excluding development for permanent or visitor accommodation – see above)	Water - Retail 0.7; Commercial 0.3; Café/Restaurant/Bar 1.3; Other 0.3 HEU per 500m ² of gross floor area or part thereof Wastewater – Retail 0.6; Commercial 0.2; Café/Restaurant/Bar 1.0; Other 0.2 HEU for each 500m ² of gross floor area or part thereof Stormwater – 2.0 HEU per 500m ² of site area Solid waste – 1 HEU per 500m ² of site area or part thereof Roading and Whakatane car parking – Retail 1.0; Other commercial 0.5 HEU per 100m ² of gross floor area or part thereof

Where possible, the Council has used actual figures where accurately known, such as water consumption, and other published sources of information, such as the Trips and Parking Related to Land Use report by Transfund New Zealand (Research Report No. 209), to improve the accuracy of the conversion factors. This information has been converted into a unit of demand per 100m² or 500m² of site area or gross floor area. An area of 500m² has been assumed as a household equivalent land area.

11.5 Timing

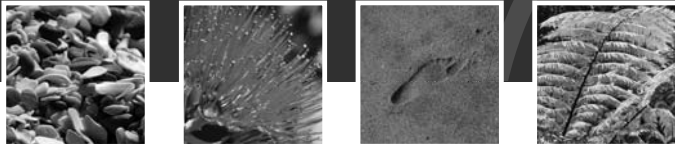
The event that will give rise to the assessment of a development contribution is, at Council's discretion, the earlier of:

- The granting of a resource consent under the Resource Management Act 1991; or
- The granting of a building consent under the Building Act 2004 for building work situated in the Whakatane District; or
- The granting of an authorisation for a service connection.

Where payment is not made within twelve months of the date of the assessment of a development contribution, the amount of the development contribution will be reassessed in accordance with the latest contribution policy. Section 12.0 (Review process) of this policy will apply in these circumstances.

The event that will give rise to the payment of the assessed development contribution is, at Council's discretion, the earlier of:

- The granting of a building consent for the development;
- The granting of an authorisation of a service connection;



- A resource consent (land use) has been given effect to;
- The signing of a section 224(c) certificate under the Resource Management Act 1991 for a subdivision;

11.6 Calculation of Development Contributions Required from Development or Subdivision

Where

DC = Development contributions payable.

A = The applicable rate of development contribution as specified in Tables 7 to 13 below.

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

The total development contribution payable (DC) will be the Development Contributions Rate per HEU (A) times the Total HEUs for development (B)

Water

The development contributions payable for water will be calculated by: $DC = A \times B$

Table 7: Development contributions for water

CATCHMENT	GROWTH COMPONENT OF CAPITAL WORKS PROJECTS	NUMBER OF HEUs	DEVELOPMENT CONTRIBUTIONS RATE PER HEU
Piripai Water Reticulation - LTCCP	\$771,005.20	831	\$927.80
Plains Water Supply - LTCCP	\$137,684.26	183	\$752.37
Whakatane Water Reticulation - LTCCP	\$86,914.41	980	\$88.69
Whakatane Water Reticulation - Historic	\$107,800	980	\$110.00

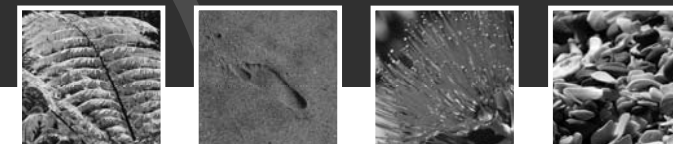
The dollar figure in the “Development Contributions Rate per HEU” column is the rate of development contribution required for water on a catchment basis applicable to the development as listed in Table 7. To determine if a site or development falls within the planning areas listed in the table above refer to Appendix A (Planning Areas).

Refer also to Table 6: Units of Demand Applicable to Different Land Use and Subdivision Types for the unit of demand.

Development contributions for water will not be required where:

- There is no connection to the Council’s water service and the development can proceed without this connection; or
- The applicant is required to complete or has elected to complete works to provide water to serve their development to an equivalent standard compliant with any relevant Act, regulation or District Plan rule.

DEVELOPMENT CONTRIBUTIONS POLICY



Stormwater

The development contributions payable for stormwater will be calculated by: $DC = A \times B$

Table 8: Development contributions for stormwater

CATCHMENT	GROWTH COMPONENT OF CAPITAL WORKS PROJECTS	NUMBER OF HEUs	DEVELOPMENT CONTRIBUTIONS RATE PER HEU
Otarawairere Stormwater - Historic	\$408,600	35	\$11,674.29

The dollar figure in the “Development Contributions Rate per HEU” column is the rate of development contribution required for stormwater on a catchment basis applicable to the development as listed in Table 8. To determine if a site or development falls within the planning areas listed in the table above refer to Appendix A (Planning Areas).

Refer also to Table 6: Units of Demand Applicable to Different Land Use and Subdivision Types for the unit of demand.

Note: A development contribution for stormwater is required by all developments and subdivisions as defined in the planning areas shown in Appendix A.

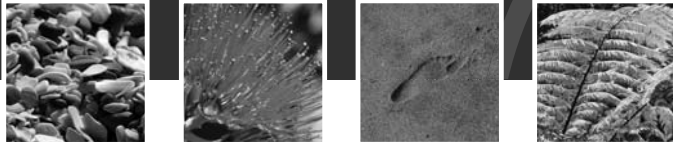
Wastewater

The development contributions payable for wastewater will be calculated by: $DC = A \times B$

Table 9: Development Contributions for Wastewater

CATCHMENT	GROWTH COMPONENT OF CAPITAL WORKS PROJECTS	NUMBER OF HEUs	DEVELOPMENT CONTRIBUTIONS RATE PER HEU
Piripai Wastewater Reticulation - LTCCP	\$1,270,295.00	831	\$1,528.63
Ohope Wastewater Treatment and Reticulation - LTCCP	\$383,714.78	291	\$1,318.61
Whakatane Wastewater Reticulation - LTCCP	\$533,576.54	686	\$777.81
Whakatane Wastewater Treatment - LTCCP	\$27,933.56	686	\$40.72
Otarawairere Wastewater - Historic	\$261,000.00	35	\$7,457.14
Whakatane Wastewater Reticulation - Historic	\$52,641.30	686	\$76.74
Whakatane Wastewater Treatment - Historic	\$54,300.00	686	\$79.15

The dollar figure in the “Development Contributions Rate per HEU” column is the rate of development contribution required for wastewater on a catchment basis applicable to the development as listed in Table 9. To determine if a site or development falls within the catchment listed in the table above refer to Appendix A Planning Areas.



Refer also to Table 6: Units of Demand Applicable to Different Land Use and Subdivision Types for the unit of demand.

Development contributions for wastewater will not be required where:

- There is no connection to the Council’s wastewater service and the development can proceed without this connection; or
- The applicant is required to complete or has elected to complete works to provide wastewater facilities to serve their development to an equivalent standard compliant with any relevant Act, regulation or District Plan rule.

Solid Waste

The development contributions payable for solid waste will be calculated by: $DC = A \times B$

Table 10: Development Contributions for Solid Waste

CATCHMENT	GROWTH COMPONENT OF CAPITAL WORKS PROJECTS	NUMBER OF HEUs	DEVELOPMENT CONTRIBUTIONS RATE PER HEU
District 25years - LTCCP	\$3,744,745.10	4,427	\$845.88
District 25years - Historic	\$57,204	4,427	\$12.92

The dollar figure in the “Development Contributions Rate per HEU” column is the rate of development contribution required for solid waste on a district-wide basis applicable to the development as listed in Table 10.

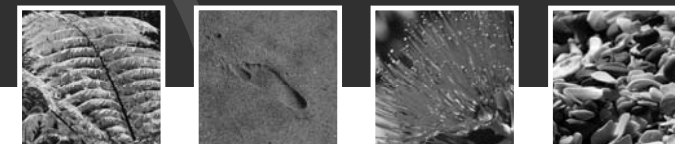
Refer also to Table 6: Units of Demand Applicable to Different Land Use and Subdivision Types for the unit of demand.

Roading

The development contributions payable for roading and Whakatane car parking will be calculated by: $DC = A \times B$

Table 11: Development Contributions for Roothing and Whakatane car parking

CATCHMENT	GROWTH COMPONENT OF CAPITAL WORKS PROJECTS	NUMBER OF HEUs	DEVELOPMENT CONTRIBUTIONS RATE PER HEU
District Roothing 10 years - LTCCP	\$422,028.48	1,809	\$233.29
District Roothing 25 years - LTCCP	\$7,163,595.80	4,522	\$1,584.17
Northern Community Roothing - LTCCP	\$338,846.87	1,771	\$191.33
Northern Community Roothing - Historic	\$69,160.00	1,771	\$39.05



The dollar figure in the “Development Contributions Rate per HEU” column is the rate of development contribution required for Roothing on a district and catchment basis applicable to the development as listed in Table 11. Developments in the Northern Community are required to pay Northern Community fees and district-wide fees. See Appendix A for the definition of the Northern Community Roothing catchments.

Refer also to Table 6: Units of Demand Applicable to Different Land Use and Subdivision Types for the unit of demand.

Community Infrastructure

The development contributions payable for community infrastructure will be calculated by: $DC = A \times B$

Table 12: Development Contributions for Community Infrastructure

CATCHMENT	GROWTH COMPONENT OF CAPITAL WORKS PROJECTS	NUMBER OF HEUs	DEVELOPMENT CONTRIBUTIONS RATE PER HEU
Northern Community 25y - LTCCP	\$1,763,083.90	3,824	\$461.06
Northern Community – LTCCP	\$2,229,455.50	1,529	\$1,458.11
Northern Community - Historic	\$55,000	1,529	\$35.97

The dollar figure in the “Development Contributions Rate per HEU” column is the rate of development contribution required for community infrastructure on a catchment basis applicable to the development as listed in Table 12, See Appendix A for the definition of these catchments.

Refer to Table 6: Units of Demand Applicable to Different Land Use and Subdivision Types for the unit of demand.

Reserves

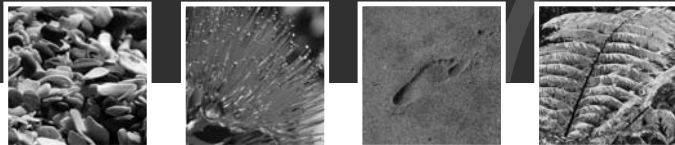
The development contributions payable for reserves will be calculated by: $DC = A \times B$, unless this calculation exceeds 7.5% of the value of the additional allotments created by a subdivision and the value equivalent of 20 square metres of land for each additional household unit created by the development, in which case the lesser figure will apply.

Table 13: Development Contributions for Reserves

CATCHMENT	GROWTH COMPONENT OF 10-YEAR CAPITAL WORKS PROJECTS	NUMBER OF HEUs	DEVELOPMENT CONTRIBUTIONS RATE PER HEU
Northern Community - LTCCP	\$904,135.26	1,529	\$591.32

The dollar figure in the “Development Contributions Rate per HEU” column is the rate of development contribution required for reserves on a catchment basis applicable to the development as listed in Table 13. See Appendix A for the definition of this catchment.

Refer also to Table 6: Units of Demand Applicable to Different Land Use and Subdivision Types for the unit of demand.



Section 203 of the LGA states that development contributions for reserves must not exceed the greater of 7.5% of the value of the additional allotments created by a subdivision and the value equivalent of 20 square metres of land for each additional household unit created by the development. The development contribution for reserves has been based on actual planned expenditure on reserves. The amount payable will be the lesser of:

- The development contribution set above; or
- 7.5% of the value of the additional allotments created by a subdivision; and/or
- The value equivalent of 20 square metres of land for each additional household unit created by the development

The basis on which the value of additional allotments or land is assessed for the purposes of section 203(1) of the LGA will be land value assessed by the Council.

Development contributions for reserves can be paid in land, money or a combination of the two.

Land will be preferred where:

- The provision of new reserves is to be part of a subdivision and the land proposed is suitable for the purpose.

Money will be preferred where:

- It is impractical to take land; or
- There is sufficient developed reserve land in the vicinity; or
- There are recreation needs elsewhere in the community.

Separate provisions for esplanade reserves as provided for by Section 229 of the Resource Management Act 1991 are contained in the Proposed District Plan.

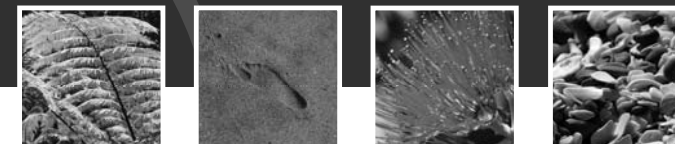
11.7 Summary of Growth Related Capital Expenditure over 10 years

Table 14 summarises development growth related capital expenditure by catchment for the next ten years. All capital projects with a growth component, whether historic or from the LTCCP, are included in the growth component figures for each catchment. The Table also shows the number of growth HEUs against which the growth capital will be recovered, and the development contribution per HEU .required to make that recovery.

Table 14: Summary of Growth Related Capital Expenditure

CATCHMENT	GROWTH COMPONENT OF CAPITAL WORKS PROJECTS	NUMBER OF HEUs	DEVELOPMENT CONTRIBUTIONS RATE PER HEU
District Solid Waste 25 years	\$1,498,053.40	1,771	\$845.88
District Rooding 10y	\$422,028.48	1,809	\$233.29
District Rooding 25y	\$2,865,763.50	1,809	\$1,584.17
Northern Community - Community Infrastructure Reserves	\$3,188,590.70	1,529	\$2,085.41
Northern Community 25y - Community Infrastructure	\$704,960.74	1,529	\$461.06
Northern Community Rooding	\$408,006.87	1,771	\$230.38
Ohope Wastewater Treatment and Reticulation	\$383,714.78	291	\$1,318.61
Otarawairere Stormwater and Wastewater	\$669,600.00	35	\$19,131.43
Piripai Wastewater Reticulation	\$1,270,295	831	\$1,528.63
Piripai Water Reticulation	\$771,005.20	831	\$927.80
Plains Water Supply	\$137,684.26	183	\$752.37
Whakatane Wastewater Reticulation	\$586,217.84	686	\$854.55
Whakatane Wastewater Treatment	\$82,233.56	686	\$119.87
Whakatane Water Reticulation	\$194,714.41	980	\$198.69

For clarity, development outside the Northern Community Catchment will only pay contributions under the headings District 25 year, District rooding 10 year and District Rooding 25 years.



11.8 Total Fees per HEU by Location

Table 15 shows the total development contribution payable per HEU in the first three years of the policy. These contributions cover growth related capital expenditure listed in the LTCCP and historic capital expenditure incurred in anticipation of growth. Collection of development contributions for each of the identified LTCCP projects will commence only when the capacity of the existing asset that will be upgraded or added to has been reached.

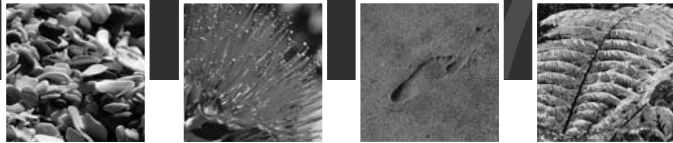
All areas in the District will pay the fees for waste, and district roading and carparking. These are the only fees payable for developments in Matahina - Minginui and Murupara.

Fees for reserves and community infrastructure will only be payable in respect of residential developments and accommodation facilities. For all other asset types, the fees will be payable in respect of all new developments.

Table 15 shows the fees payable for residential developments in years 2010 – 2012 for a number of locations in the District. Non residential HEUs are calculated using the conversion factors in Table 6. Fees will vary after 2012 as additional projects are included. Fees for later years are shown in Appendix D.

Table 15: Total development contribution fees by location (2010 - 2012 fees)

	OHOPE; MARAETOTARA	OTARAWAIRERE	PIRIPAI	PLAINS WATER SUPPLY AREA	WHAKATANE	NORTHERN COMMUNITY	MATAHINA – MINGINUI; MURUPARA
District - Solid Waste	\$845.88	\$845.88	\$845.88	\$845.88	\$845.88	\$845.88	\$845.88
District Roothing and Carparking	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46
Northern Community Roothing	\$230.38	\$230.38	\$230.38	\$230.38	\$230.38	\$230.38	\$230.38
Reserves	\$433.84	\$433.84	\$433.84	\$433.84	\$433.84	\$433.84	\$433.84
Community Infrastructure	\$1,185.06	\$1,185.06	\$1,185.06	\$1,185.06	\$1,185.06	\$1,185.06	\$1,185.06
Ohope Wastewater Treatment and Reticulation	\$1,318.61	\$1,318.61					
Otarawairere Stormwater and Wastewater		\$19,131.43					
Piripai Wastewater Reticulation			\$1,120.34				
Piripai Water Reticulation			\$927.80				
Plains Water Supply				\$752.37			
Whakatane Wastewater Reticulation			\$383.81		\$383.81		
Whakatane Wastewater Treatment			\$119.87		\$119.87		
Whakatane Water Reticulation	\$198.69	\$198.69	\$198.69		\$198.69		
Total Contribution	\$6,029.92	\$25,161.35	\$7,263.13	\$5,264.99	\$5,214.99	\$4,512.62	\$2,663.34



12.0 CREDITS AND REVIEWS

The following is the Council's credit and review procedure for development contributions.

12.1 Credits

Credits towards the requirement for development contributions will be considered by the Council on a case-by-case basis. There are two types of credits:

Credits that recognise previous contributions.

In awarding such credits, Council must take into account:

- 1 The level of legally established existing development on the site or that occurred within the previous 12 months where the site is "between uses". Where multiple existing uses are established the Council will have regard to the average intensity of those uses in determining the level of credit to be given.
- 2 Monies paid and/or works undertaken and/or land set aside by prior:
 - (i) Financial contributions taken from a development under the District Plan for capital expenditure for growth for water, stormwater, wastewater, solid waste, roading, Whakatane car parking, community infrastructure or reserve activities.
 - (ii) Agreements with the Council.
 - (iii) Development contributions.
- 3 Written confirmation of any other formally acknowledged credit given by the Council towards future development of a site.

Credits acknowledging historical demand on the site.

In awarding such credits, Council must take into account:

- 4 Where a subdivision is developed (e.g. a vacant lot is built upon) or an existing lot is further subdivided full credit shall be given for the deemed existing property use rights of the parent lot.
- 5 For residential subdivisions (where the balance lot remains residential) the existing lot has a historic credit equal to 1 HEU developed in the catchment.
- 6 Historical credits for properties will be calculated based on present day planning areas and in terms of present day assessment methodology.
- 7 For existing non-residential buildings that are demolished and rebuilt to the same or higher intensity, the historical credit will be based on the gross floor area for those contributions that are measured by gross floor area and site area for those measured by site area, prior to demolition.
- 8 Where a building has been relocated from one site to another, the title holder of the property will be given a credit of the relevant value of development contribution for the site or lot where the building was formerly sited and be required to pay a development contribution of the relevant value for the site or lot where the building will be moved to.

Credits will be associated with the existing title and calculated and assigned on a per activity basis. Any excess historical credits that are identified as a result of

an amalgamation of individual titles will accrue on the new amalgamated title but will lapse if not utilised within a period of three years.

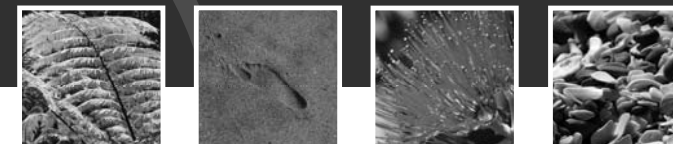
Any excess historical credits that are identified for any other reason other than amalgamation such as through subdivision of a parent lot will not accrue on an individual title.

Generally development contributions will be required on development over and above that existing at the time of an application, creating additional units of demand, assessed by the Council according to section 11.6 of this policy.

Any credit given for a contribution paid in the past that exceeds the amount of the contribution payable under this policy can not be credited towards other types of contributions that are otherwise payable. For example, a credit for additional reserves contributions paid in the past for a site cannot be used as a credit towards roading or solid waste.

Where a development will result in a lesser number of units of demand than that exist in the site at the time of application, the credit will remain with the site for a period of 12 months and will not be payable to the applicant by the Council.

The units of demand applicable in the calculation of a development contribution required on a development shall be assessed by the Council at the time of application for the necessary consents or service connection, and may be re-adjusted prior to the issue of a section 224 Resource Management Act 1991 certificate in the case of subdivision, or prior to the commencement of a resource consent, the issue of a code compliance certificate under the Building Act or a service connection as applicable, in the case of a development. This is to allow for units of demand for which development contributions may have previously been paid over and above credits provided for in this policy. That is, adjustment will be made by the Council



in its assessment to avoid potential double counting of development contributions required on the development.

12.2 Reviews

An applicant may formally request the Council to review the development contributions required on the development concerned.

Any such request shall be made by notice in writing to the Council within 15 working days after the Council has advised in writing that development contributions are required on the development. The request shall set out the reasons for the review, and shall be accompanied by the appropriate fee in accordance with the Council's Fees and Charges Schedule.

In undertaking the review:

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

In making its decision the Council may take into account:

- 1 The effect of a reduction or waiver on the integrity of the Development Contributions and Revenue and Financing Policies, including how the reduced or waived contribution will be funded and consistency with previous review decisions.

- 2 The extent to which the value and nature of any works proposed by the applicant reduces the need for works proposed by the Council in its capital works programme.
- 3 The level of credit that should be given for existing development on the site. Where multiple existing uses are established the Council will have regard to the average intensity of existing development.
- 4 Financial hardship will be considered where the applicant has a low value property, which will not realise sufficient funds to pay the required development contributions and the applicant can prove they have limited financial resources. Written confirmation of property value and a declaration as to financial circumstances must be made to the Council.
- 5 Whether a household unit or commercial/ industrial building is of a temporary nature or is used infrequently.
- 6 Whether an impact on a community infrastructure can be proven to be less than that calculated by applying the formula in the policy, such as actual traffic generation figures.
- 7 Whether the value of the contribution is disproportionate to the value of the building or project.
- 8 Whether there are unique or unusual circumstances that distinguish the development from other developments of a

similar nature. Natural disaster events are likely to be considered under this category.

- 9 Whether a wider public benefit is derived from the project that justifies some or all of the cost being met by the public generally.
- 10 Any legal instruments that are relevant, such as resource consent conditions, covenants, other legal encumbrances
- 11 Any other matters the Council considers relevant.

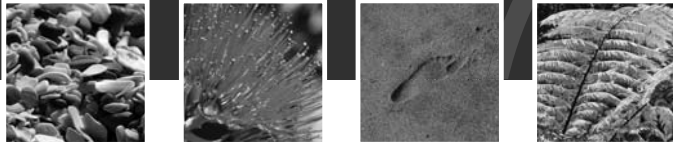
The Whakatane District Council will review the implementation of the development contributions policy on an annual basis.

This will include monitoring the actual uptake of building consents for dwellings and commercial and industrial activities, and the creation of allotments by subdivision to ensure that the estimates of the units of demand are accurate. The review process will be reported to the Council each year, where a decision will be made whether to change the policy under the provisions of the LGA.

13.0 REFUNDS

Sections 209 and 210 of the LGA apply to refunds of development contributions paid to Council, where:

- Resource consents lapse or are surrendered; or
- Building consents lapse; or
- The development or building does not proceed; or
- The Council does not spend the money to provide the growth infrastructure for which the development contribution was required; or
- Previous overpayment has been made (for whatever reason).



The development contribution will be refunded to the registered titleholders of the subject allotment as at the date of the refund assessment.

14.0 ENFORCEMENT

Where payment is not received, the Council will, as relevant:

- Withhold a certificate under section 224(c) of the Resource Management Act 1991;
- Prevent commencement of a resource consent under the Resource Management Act 1991;
- Withhold a code of compliance certificate under section 95 of the Building Act 2004;
- Register the development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the affected land.

15.0 METHODOLOGY

The full methodology which demonstrates how the calculations for development contributions are made is set out in the Development Contributions Policy Methodology and Calculation Paper, which is available for inspection at Council Offices.

16.0 SIGNIFICANT ASSUMPTIONS

Significant assumptions underlying the calculation of the Schedule to the Development Contributions Policy (section 11.6) are as follows:

Best available information

The capital expenditure costs are based on the best available information at the time of preparation and largely represent a “rough order of costs” rather than specific estimates. These will be refined in subsequent years as in some cases policies become clearer and in others there is an improved knowledge of an asset.

In most cases a percentage estimate of what is growth related costs has been used to determine the capital expenditure required for growth.

In the case of water, stormwater and wastewater, the capital expenditure figures are based on the best available information that the Council has at this time. A programme is in place to complete modelling work for these facilities. Once this has been completed more accurate predictions will be available.

Planning Horizon

A 10 year timeframe is predominantly used as a basis for forecasting growth, planning growth infrastructure provision and applying a development contribution. For some unique and large scale roading, solid waste and community infrastructure projects, a 25 year timeframe is used as a basis for growth infrastructure provision and applying a development contribution.

Estimates of Growth Related Capital Expenditure

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

Growth Affordability

Council assumes that managed growth within Whakatane is affordable and that the Council's share, for example contributions to trunk services, is able to be financed predominantly through capital expenditure, supported by development contributions in parallel with the Council's core business and other projects.

Community Facilities Built in Anticipation of Growth

The Council's policy on development contributions for development will include consistent and equitable contributions towards the impact of growth on existing community facilities, that is, water, stormwater, wastewater, solid waste, roading and Whakatane car parking, community infrastructure and reserves built in anticipation of growth.

Financial and Administrative Assumptions

All costs from projects in the ten-year plan used in the Development Contributions Policy are based on current estimates of infrastructure construction prices in 2009/2010 dollar terms with inflation of all capital costs over the period using cost inflation factors supplied by BERL.

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

Operating expenditure will be allocated according to the Council's Revenue and Financing Policy.

That there will be an impact from the capital expenditure on operating expenditure and an allowance has been made for this based on the type of asset.

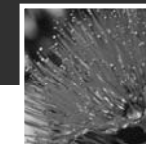
That all New Zealand Transport Agency subsidies will continue at present levels and that the eligibility criteria will remain unchanged.

That methods of service delivery will remain substantially unchanged.

17.0 KEY RISKS

There are several financial risks to Council. These are:

That the growth assumptions are not met resulting in delayed development and delayed development



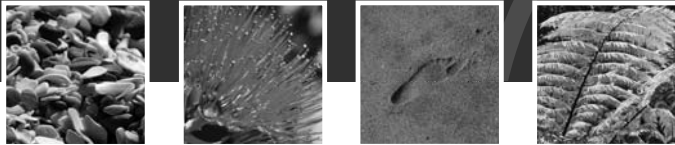
contributions revenue. If this is the case, Council faces increased holding costs.

That there is a lag between expenditure being incurred by the Council and contributions received from those undertaking developments.

That the capital expenditures exceed those forecast.

18.0 EXPLANATION AND JUSTIFICATION FOR CALCULATIONS

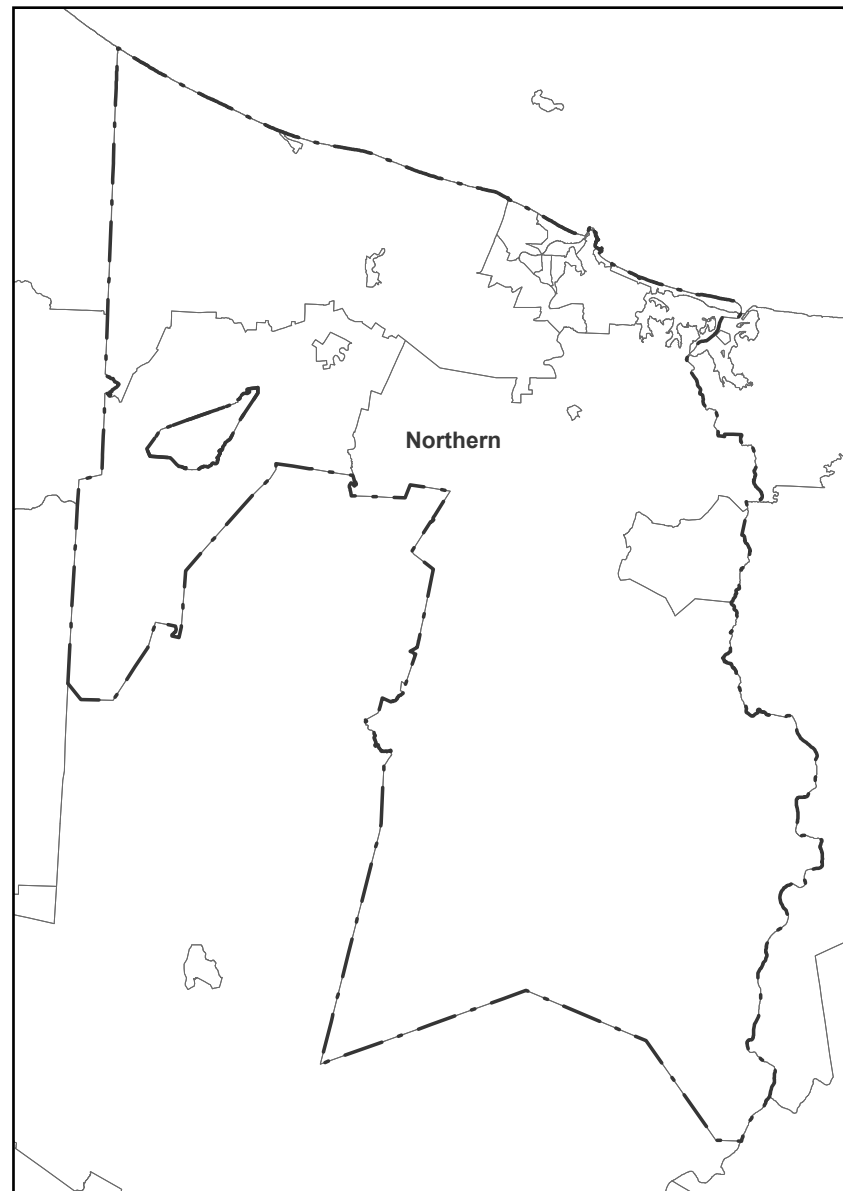
A summary of the calculation methodology is set out in section 11 of this policy. For further detail please refer to the full Methodology and Calculations Paper noted in section 15.0.

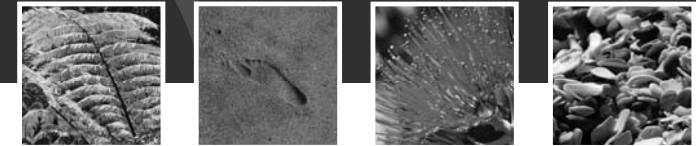


APPENDIX A: PLANNING AREAS

Northern Catchment Boundary

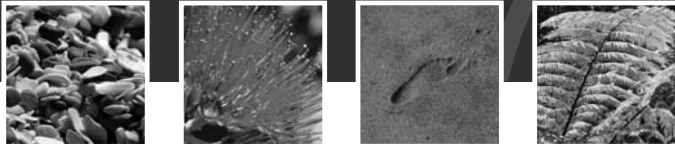
Note: The Northern catchment comprises all census area units in the Whakatane District except for Matahina-Minginui and Murupara.



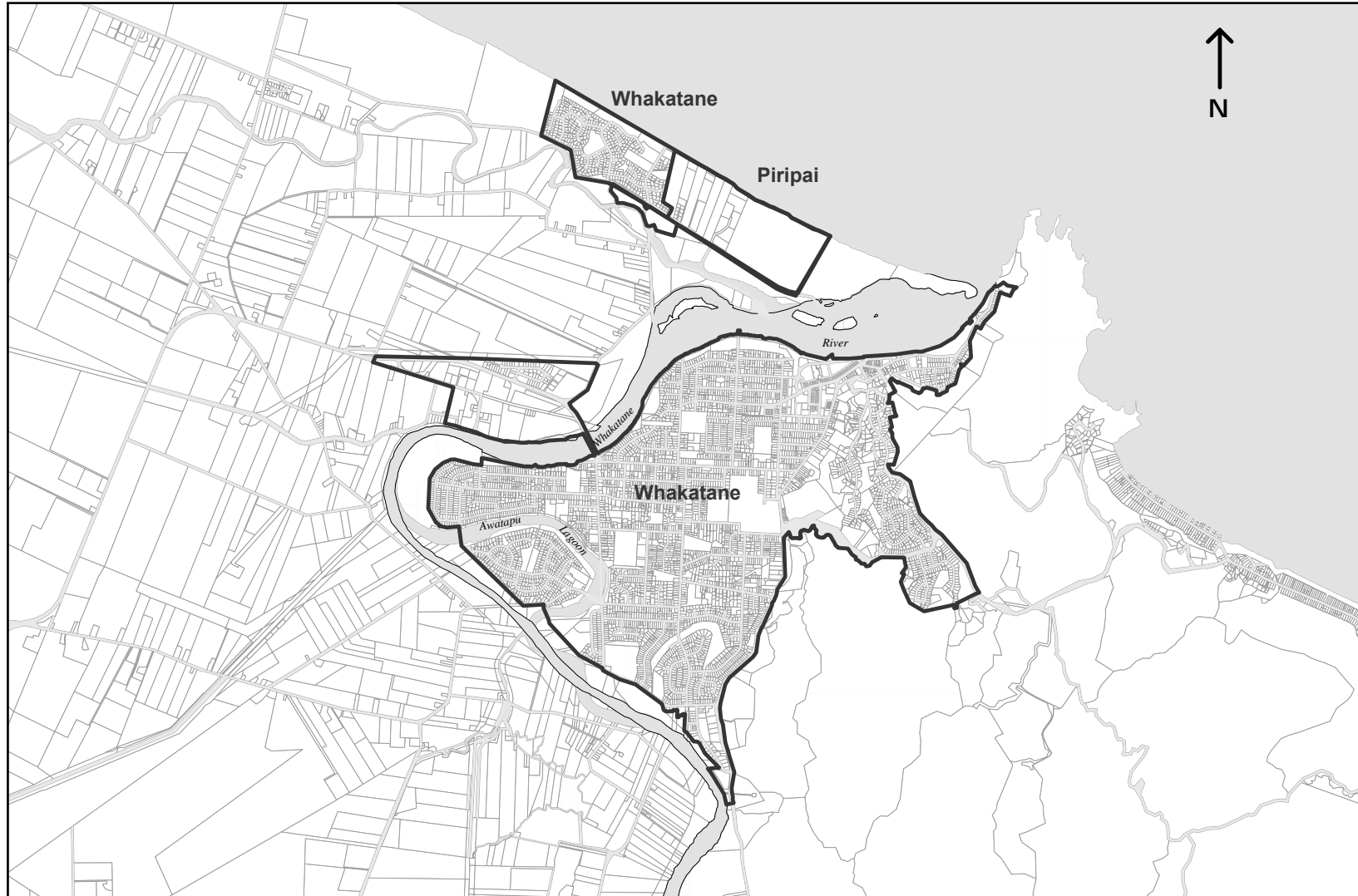


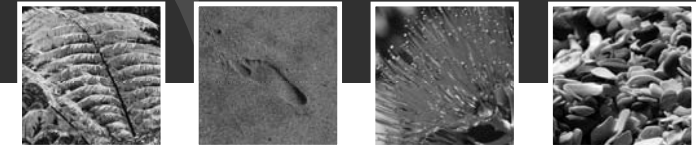
Whakatane Water (Reticulation)



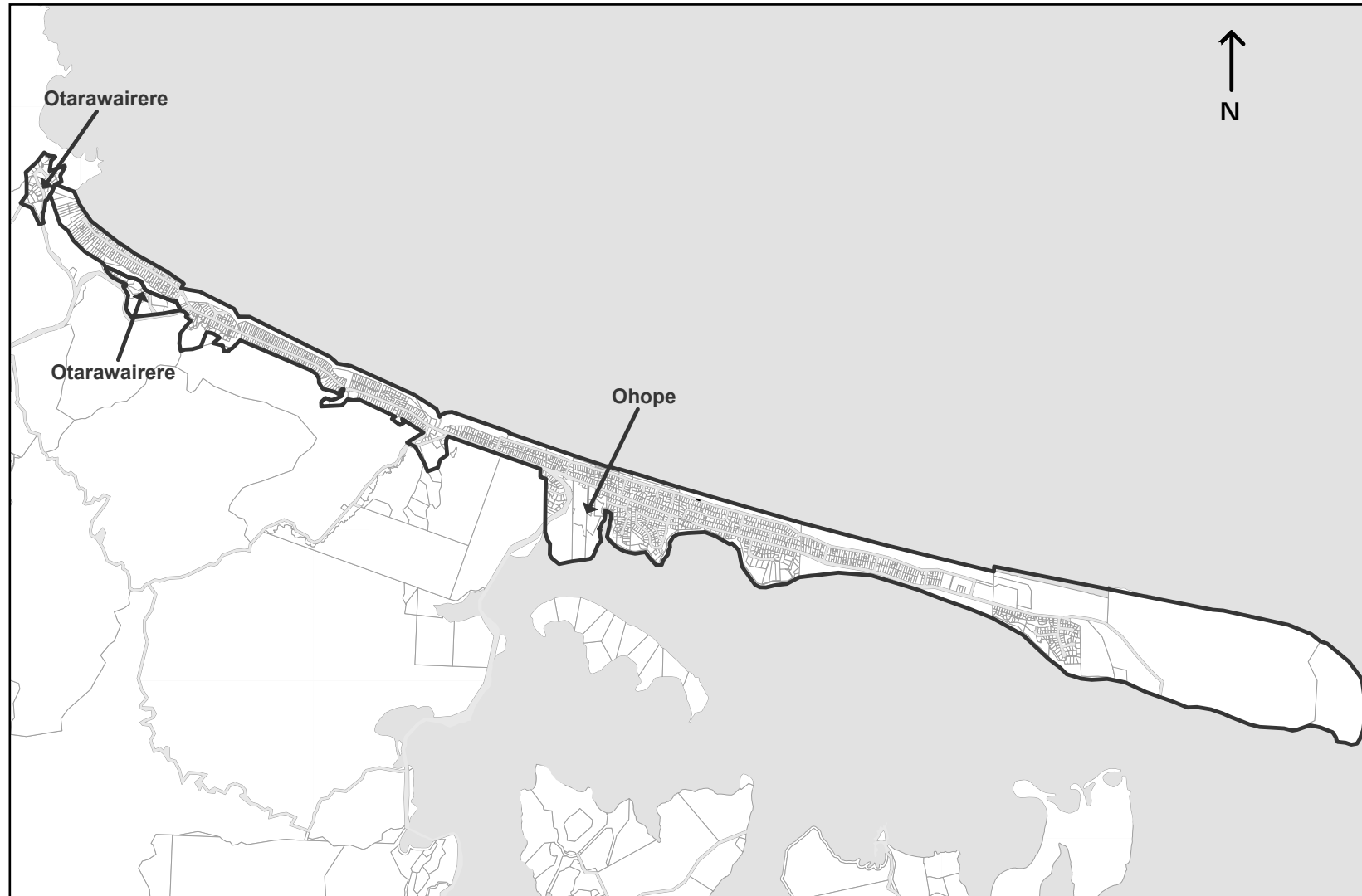


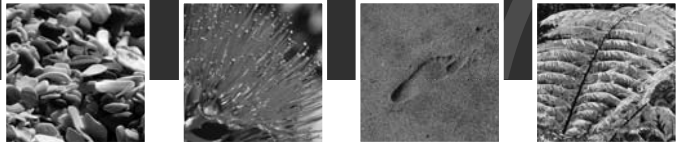
Whakatane Wastewater (Treatment/Reticulation)



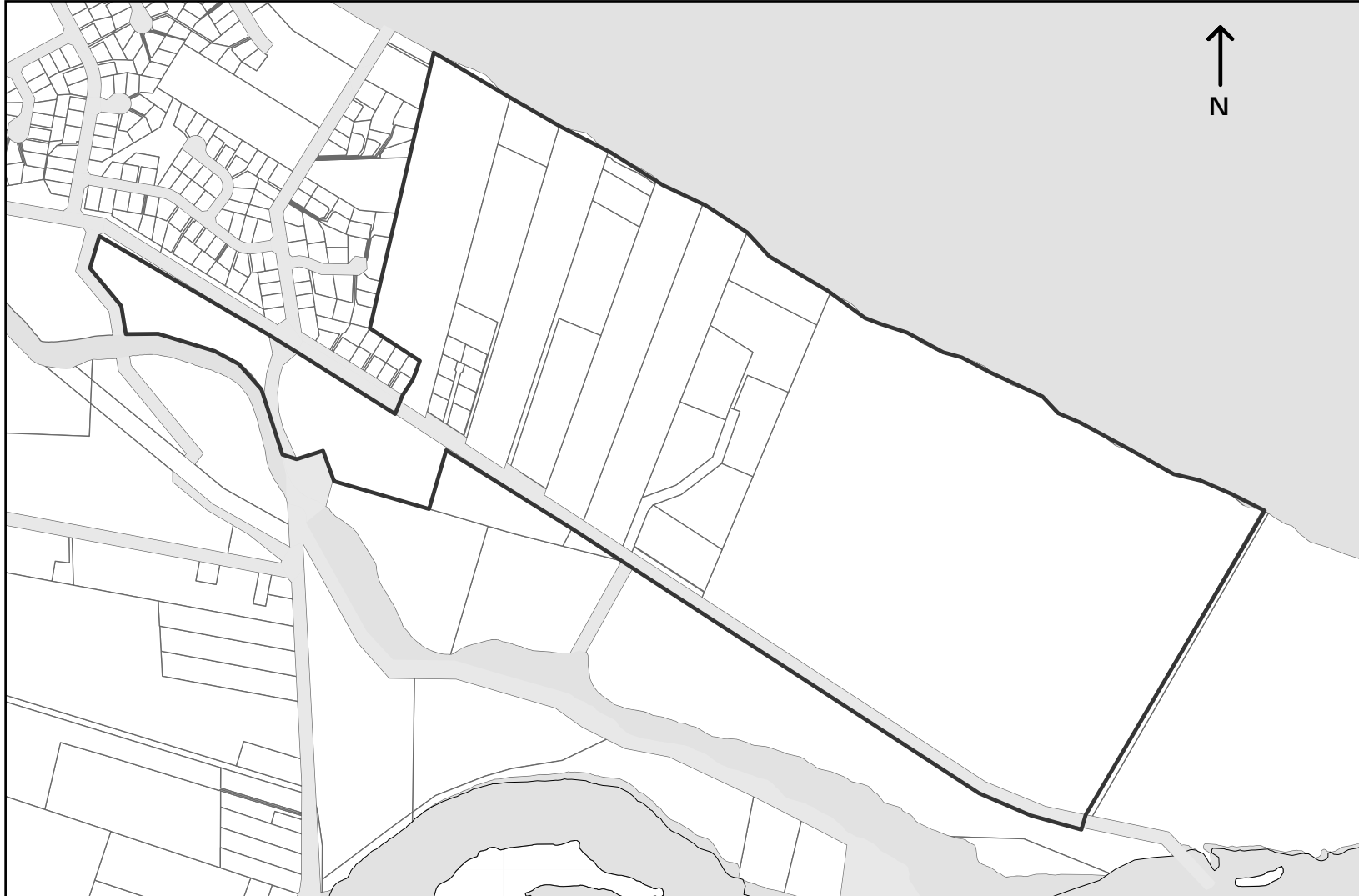


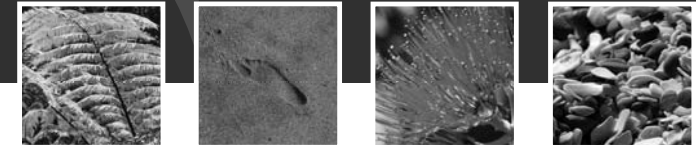
Ohope - Wastewater and Stormwater, Otarawairere - Wastewater and stormwater



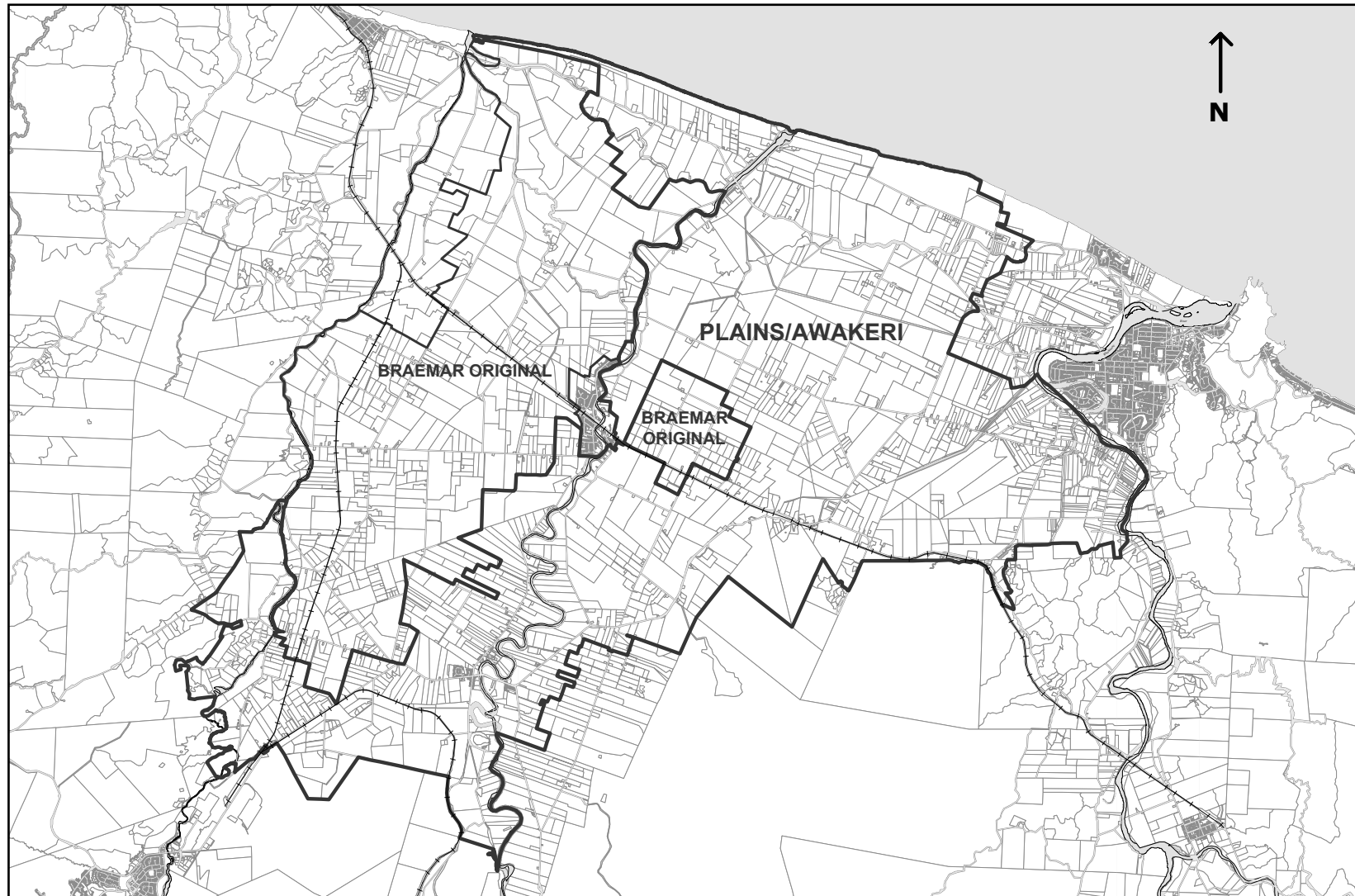


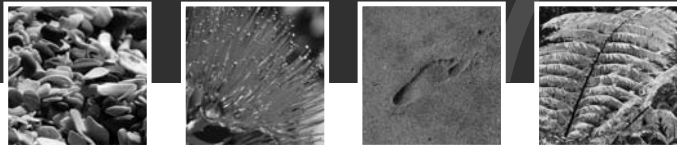
Piripai - Water and Wastewater reticulation





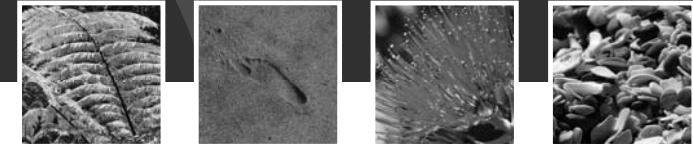
Plains - Water (Reticulation)





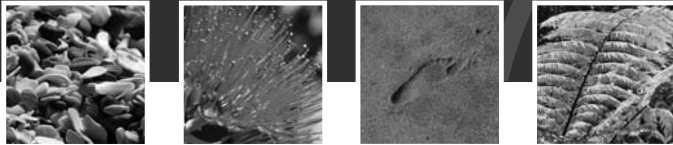
APPENDIX B: DEFINITIONS

DEFINITIONS	
Activity	<p>Has the same meaning set out in section 5 of the Local Government Act 2002 or any legislation substituted for the same as below:</p> <p>“5 Interpretation</p> <p>(1) In this Act, unless the context otherwise requires,-</p> <p style="padding-left: 40px;">activity means a good or service provided by, or on behalf of, a local authority or a council-controlled organisation; and includes-</p> <p style="padding-left: 40px;">(a) the provision of facilities and amenities; and</p> <p style="padding-left: 40px;">(b) the making of grants; and</p> <p style="padding-left: 40px;">(c) the performance of regulatory and other governmental functions”</p>
Backpackers	<p>Means temporary shared accommodation in a hostel or lodge where the emphasis is on the active travelling experience, facilitating cultural and social interaction for likeminded guests. Most offer a mixture of dormitories, double, twin and single rooms. Some rooms may include linen; otherwise they can be hired. Some rooms may also have TVs, refrigerators, tea and coffee and storage facilities. Facilities such as kitchens, bathrooms, lounges and laundries are usually shared, although private and ensuite bathrooms are sometimes available. Properties range from small converted houses to large hotel-like establishments.</p> <p>For clarity, the area used for permanent accommodation by the Manager(s) is considered to be a separate household unit for the purposes of this policy, and does not fall within this definition.</p>
Caravan parks	<p>Mean temporary accommodation in a camping grounds or motor camp. All properties provide communal kitchens, toilets, showers and laundries in addition to a variety of additional features.</p> <p>For clarity, the area used for permanent accommodation by the Camp Manager(s) is considered to be a separate household unit for the purposes of this policy, and does not fall within this definition.</p>
Commercial development	<p>A development, which is not defined as an industrial activity, whose primary purpose is for commercial gain or any other professional activity not operated principally for commercial gain or place of public assembly.. It includes retailing, professional offices, banks and other service providers, social service providers, commercial recreational facilities, administrative uses, visitor accommodation, churches, Marae, technological activities and sorting activities, but excludes accessory buildings directly related to primary production on the land, including agriculture, pastoral, horticultural and forestry production. For clarity, this exemption does not extend to a household unit on land used for primary production or the processing of primary products.</p>
Community infrastructure	<p>Has the same meaning set out in section 197 of the Local Government Act 2002 or any legislation substituted for the same as below:</p> <p>“197 Interpretation</p> <p style="padding-left: 40px;">In this subpart,-</p> <p style="padding-left: 40px;">community infrastructure means-</p> <p style="padding-left: 80px;">(a) land, or development assets on land, owned or controlled by the territorial authority to provide public amenities; and</p> <p style="padding-left: 80px;">(b) includes land that the territorial authority will acquire for that purpose”</p>

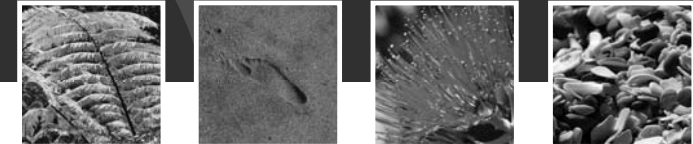


DEFINITIONS

<p>Development</p>	<p>Has the same meaning set out in section 197 of the Local Government Act 2002 or any legislation substituted for the same as below: “197 Interpretation In this subpart,- development means</p> <ul style="list-style-type: none"> (a) any subdivision or other development that generates a demand for reserves, network infrastructure or community infrastructure; but (b) does not include the pipes or lines of a network utility operator”
<p>Development contribution</p>	<p>Has the same meaning set out in section 197 of the Local Government Act 2002 or any legislation substituted for the same as below: “197 Interpretation In this subpart,- development contribution means a contribution-</p> <ul style="list-style-type: none"> (a) provided for in a development contribution policy included in the long-term council community plan of a territorial authority; and (b) calculated in accordance with the methodology; and (c) comprising- <ul style="list-style-type: none"> (i) money; or (ii) land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Māori land within the meaning of Te Ture Whenua Act 1993, unless that Act provides otherwise; or (iii) both”
<p>Development Contribution Policy</p>	<p>Has the same meaning set out in section 197 of the Local Government Act 2002 or any legislation substituted for the same as below: “197 Interpretation In this subpart,- development contribution policy means the policy on development contributions included in the long-term council community plan of the territorial authority under section 102(4)(d).</p>

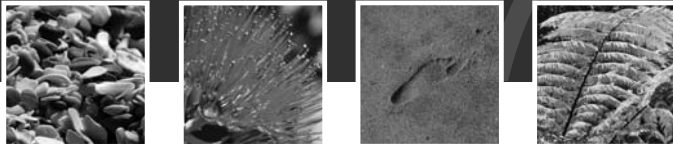


DEFINITIONS	
Goods and Services Tax (GST)	Means goods and services tax under the Goods and Services Tax Act 1985 or any legislation substituted for the same.
Gross Floor Area (GFA)	The sum of the total areas of a building or buildings, including any void area in those floors such as service shafts or lift or stair wells, measured from the exterior faces of exterior walls or from the centre lines of walls separating two buildings
Hosted	<p>Means temporary accommodation in a bed and breakfast, farm or home stay, guest house, boutique lodge, inn, country hotel, and similar establishments providing “home-like” or “character” accommodation for a temporary period of time. There is normally an emphasis on personal interaction between the guest and the host. Kitchen/cooking facilities are not usually provided, although some properties may offer self-contained cottages. Depending on the style of the property, bedrooms may include tea and coffee making facilities, TV and a phone. Lounge facilities are usually shared with the hosts and/or other guests. Bathrooms may be ensuite, private or shared. Breakfast is usually provided and is usually part of an all-inclusive tariff.</p> <p>For clarity, the area used for permanent accommodation by the host(s) is considered to be a separate household unit for the purposes of this policy, and does not fall within this definition.</p>
Hotel	Means temporary accommodation in an establishment with at least one licensed bar and restaurant on the premises (or adjacent) with charge back facilities. All rooms have tea and coffee making facilities and there is on-site management at all times. All provide breakfast whether in a restaurant or breakfast room, or via room service. Some hotels have conferences and banqueting facilities. A standard room usually has one room for both sleeping and living, with an ensuite bathroom. A suite will usually have a living room and at least one separate bedroom and possible a mini kitchen. Hotel apartments usually have both mini kitchens and laundry facilities.
Household unit	A building or part of a building intended to be used as an independent residence, with a kitchen sink, a toilet and a shower or bath (or plumbing for these facilities). It includes any apartment, semi-detached or detached dwelling, townhouse, retirement unit, dwelling unit, flat or home unit.
Industrial development	A development whose primary purpose is to produce goods by manufacturing, processing, assembling or packaging, or dismantling, servicing, testing, repair, cleaning, painting, storage, and/or warehousing of any materials, goods or products, vehicles or equipment, and includes transportation activities, depots, engineering workshops, panelbeaters, spraypainters, the milling or processing of timber and offensive trades.

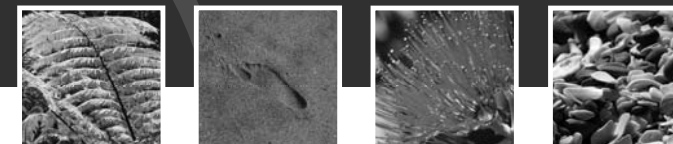


DEFINITIONS

<p>Lot</p>	<p>A parcel of land held in a separate certificate of title (or two or more titles required to be held in one ownership) but does not include a parcel of land which has been or may be disposed of separately as a public reserve or for other public purposes or which is to be amalgamated with adjoining land.</p> <p>In the case of land subdivided under the cross-lease or company lease systems (other than strata titles), lot shall mean an area of land containing:</p> <p>(a) A building or buildings for residential or business purposes with any accessory building, plus any land exclusively restricted to the users of that building, or</p> <p>(b) A remaining share or shares in the fee simple creating a vacant part of the whole for future cross-lease or company lease purposes.</p> <p>In the case of land subdivided under the Unit Titles Act 1972 (other than strata titles), lot shall mean an area of land containing a principal unit or proposed unit on a unit plan together with its accessory units, and an area of land being equivalent to the total land title area divided by the number of principal units located thereon.</p> <p>In the case of strata titles, site shall mean the underlying Certificate(s) of Title immediately prior to subdivision.</p>
<p>Mixed use</p>	<p>A development or a lot created for a development that combines commercial and industrial development, but not a household unit.</p>
<p>Motel</p>	<p>Means temporary, self contained and serviced accommodation and includes motor lodges, motor inns, motel apartments, serviced apartments and serviced holiday cottages. Units are usually serviced daily or as otherwise agreed with the guest, and are self contained providing at least tea and coffee making facilities and a private or ensuite bathroom. Frequently, cooking facilities (microwave and/or range) are provided within the accommodation so guests can prepare their own meals independently. Milk, tea, coffee and sugar are supplied for guests' immediate use. Off-street carparking and all bedding and linen are provided. Communal laundry facilities are available and some units may have their own laundry facilities. Units may have TV's, phone, iron and modem for computer use. At extra cost, breakfasts can usually be ordered the night before. There is a responsible person constantly in charge on site. A studio has one room for both living and sleeping. Other units can have one or more separate bedrooms.</p> <p>For clarity, the area used for permanent accommodation by the Motel Manager(s) is considered to be a separate household unit for the purposes of this policy, and does not fall within this definition.</p>
<p>Network infrastructure</p>	<p>Has the same meaning set out in section 197 of the Local Government Act 2002 or any legislation substituted for the same as below:</p> <p>"197 Interpretation</p> <p>In this subpart,- network infrastructure means the provision of roads and other transport, water, wastewater, and stormwater collection and management."</p>
<p>Reserves</p>	<p>Has the same meaning set out in section 2 of the Reserves Act 1977.</p>
<p>Residential Lot</p>	<p>A lot, as defined in this policy that is or will be used for a household unit or units.</p>
<p>Roading</p>	<p>Has the same meaning set out in section 315 of the Local Government Act 1974.</p>
<p>Service connection</p>	<p>Has the same meaning set out in section 197 of the Local Government Act 2002 or any legislation substituted for the same as below:</p> <p>"197 Interpretation</p> <p>In this subpart,- service connection means a physical connection to a service provided by, or on behalf of, a territorial authority."</p>



DEFINITIONS	
Site Area	The total area of the new and/or additional development proposed, including all buildings, structures and other areas used for car parking, access, manoeuvring areas, loading areas, outdoor storage and display areas, rubbish and waste collection areas and the like, associated with the new and/or additional development.
Solid waste	Recycling Park and refuse transfer station.
Stormwater	Stormwater drainage and any associated infrastructure.
Units of demand	<p>Means those units set out in Schedule 13 of the Local Government Act 2002 or any legislation substituted for the same as below:</p> <p>“Schedule 13 Methodology for calculating development contributions</p> <p>1 <u>Methodology for relating cost of community facilities to units of demand</u></p> <p>In order to calculate the maximum development contribution in respect of a community facility or an activity or group of activities for which a separate development contribution is to be required, a territorial authority must first-</p> <p>(a) identify the total cost of the capital expenditure that the local authority expects to incur in respect of the community facility, or activity or group of activities, to meet the increased demand resulting from growth within the district, or part of the district, as the case may be, as set out in the long-term council community plan in accordance with section 106(2)(a); and</p> <p>(b) identify the share of that expenditure attributable to each unit of demand, using the units of demand for the community facility or for separate activities or groups of activities, as the case may be, by which the impact of growth has been assessed.</p> <p>2 <u>Attribution of units of demand to developments</u></p> <p>For the purpose of determining in accordance with section 203(2) the maximum development contribution that may be required for a particular development or type of development, a territorial authority must demonstrate in its methodology that it has attributed units of demand to particular developments or types of development on a consistent and equitable basis.</p>
Visitor accommodation	Means hotel, motel, hosted, backpackers or Caravan Park as defined in this policy.
Wastewater	Means sewerage, treatment and disposal of sewage and all associated infrastructure.
Water	<p>Means Water Supply which has the same meaning set out in section 124 of the Local Government Act 2002 or any legislation substituted for the same as below:</p> <p>“124 Interpretation</p> <p>In this part,- water supply means the provision of drinking water to communities by network reticulation to the point of supply of each dwelling house and commercial premise to which drinking water is supplied.</p>



APPENDIX C: SCHEDULE OF COMPLIANCE

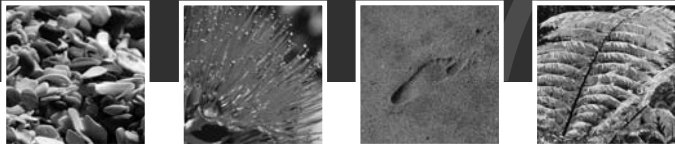
WHAKATANE DISTRICT DEVELOPMENT CONTRIBUTIONS POLICY SCHEDULE OF LOCAL GOVERNMENT ACT 2002 COMPLIANCE

The following table sets out the requirements under the Local Government Act 2002 for the preparation of a Development Contributions Policy. The sections of the Development Contributions Policy which satisfy the requirements in the Local Government Act 2002 are noted in the second column.

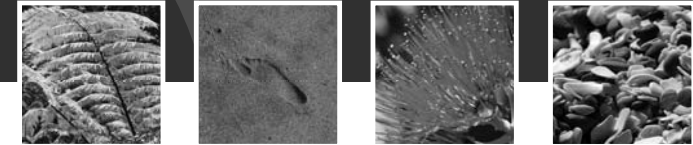
The Council considers that the Development Contributions Policy achieves full compliance.

SCHEDULE OF LGA 2002 COMPLIANCE

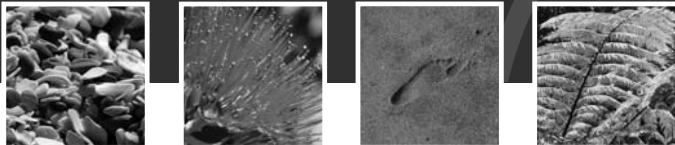
PROVISION OF LGA 2002	SECTION OF DEVELOPMENT CONTRIBUTIONS POLICY
Section 106(2)(a): summarise and explain the capital expenditure required identified in the long-term council community plan that the local authority expects to incur to meet the increased demand for community facilities resulting from growth	5.0 – Capital Expenditure for Community Facilities
Section 106(2)(b): state the proportion of that capital expenditure to be funded by development contributions; financial contributions; other sources of funding	5.0 – Capital Expenditure for Community Facilities
Section 106(2)(c): explain, in terms of the matters required to be considered under section 101(3), why the local authority has determined to use these funding sources to meet the expected capital expenditure.	
Section 101(3): The funding needs of Council must be met from those sources that the local authority determines to be appropriate, following consideration of, -	
Section 101(3)(a): in relation to each activity to be funded,-	
Section 101(3)(a)(i): the community outcomes to which the activity primarily contributes	6.0 – Community Outcomes
Section 101(3)(a)(ii): the distribution of benefits between community as a whole, any identifiable part of the community, and individuals.	7.0 – Distribution of Benefits
Section 101(3)(a)(iii): period in or over which those benefits are expected to occur.	8.0 – Timeframe



PROVISION OF LGA 2002	SECTION OF DEVELOPMENT CONTRIBUTIONS POLICY
Section 101(3)(a)(iv): the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.	9.0 – Role of the Council
Section 101(3)(a)(v): the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.	10.0 – Costs, Benefits and Sustainable Development
Section 101(3)(b): the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community.	10.0 – Costs, Benefits and Sustainable Development
Section 106(2)(d): identify separately each activity or group of activities for which a development contribution will be required, and in relation to each activity or group of activities, specify the total amount of funding to be sought by development contributions	5.0 – Capital Expenditure for Community Facilities 11.0 – Schedule to Development Contributions Policy
Section 106 (2)(f): Summarise the provisions that relate to financial contributions in the District Plan.	Development Contributions and Financial Contributions
Section 106(3): If development contributions are required, the local authority must keep available for public inspection the full methodology that demonstrates how calculations for those contributions were made.	15.0 – Methodology
Section 201(1)(a): an explanation of, and justification for, the way in which each development contribution in the [Schedule to Development Contributions Policy] is calculated	11.0 – Schedule to Development Contributions Policy 15.0 – Methodology 18.0 – Explanation and Justification for Calculations
Section 201(1)(b): the significant assumptions underlying the calculation of the schedule of development contributions, including an estimate of the potential effects, if there is significant uncertainty as to the scope and nature of the effects	16.0 - Significant Assumptions
Section 201(1)(c): the conditions and criteria (if any) that will apply in relation to the remission, postponement, or refund of development contributions, or the return of land.	12.0 - Credits and Reviews



PROVISION OF LGA 2002	SECTION OF DEVELOPMENT CONTRIBUTIONS POLICY
<p>Section 202 - Contents of schedule to development contributions policy</p> <p>(1) The schedule of development contributions required by section 201(2) must specify</p> <p>(a) the development contributions payable in each district, calculated, in each case, in accordance with the methodology in respect of-</p> <ul style="list-style-type: none"> (i) reserves; and (ii) network infrastructure; and (iii) community infrastructure; and 11.0 - Schedule to Development Contributions Policy (in particular 11.6 - Calculation of Development Contributions Required from Development) <p>(b) the event that will give rise to a requirement for a development contribution under section 198, whether upon granting</p> <ul style="list-style-type: none"> (i) a resource consent under the Resource Management Act 1991; or (ii) a building consent under the Building Act 1991; or (iii) an authorisation for a service connection. 	<p>11.0 – Schedule to Development Contributions Policy (in particular 11.6 - Calculation of Development Contributions Required from Development or Subdivision)</p>
<p>(2) If different development contributions are payable in different parts of the district, subsection (1) applies in relation to the parts of the district.</p> <p>(3) The specifications required under subsection (1) or subsection (2) must be given separately in relation to each activity or group of activities for which separate development contributions are required.</p>	
<p>Section 203 - Maximum development contributions not to be exceeded</p> <p>(1) Development contributions for reserves must not exceed the greater of –</p> <ul style="list-style-type: none"> (a) 7.5% of the value of the additional allotments created by a subdivision; and (b) the value equivalent of 20 square metres of land for each additional household unit created by the development. <p>(2) Development contributions for network infrastructure or community infrastructure must not exceed the amount calculated by multiplying the cost of the relevant unit of demand calculated under clause 1 of Schedule 13 by the number of units of demand assessed for a development or type of development, as provided for in clause 2 of Schedule 13.</p>	<p>11.0 – Schedule to Development Contributions Policy (in particular 11.6 - Calculation of Development Contributions Required from Development or Subdivision)</p> <p>18.0 – Explanation and Justification for Calculations</p>



APPENDIX D: DEVELOPMENT CONTRIBUTIONS BY LOCATION AFTER 2012

Tables 16, 17 and 18 show the development contributions payable per HEU in later years of the policy term. These contributions cover growth related capital expenditure listed in the LTCCP and historic capital expenditure incurred in anticipation of growth. Collection of development contributions for each of the identified LTCCP projects will commence only when the capacity of the existing asset that will be upgraded or added to has been reached.

All areas in the District will pay the fees for waste, and district roading and carparking. These are the only fees payable for developments in Matahina - Minginui and Murupara.

Fees for reserves and community infrastructure will only be payable in respect of residential developments. For all other asset types, the fees will be payable in respect of all new developments.

The tables show the fees payable for residential developments in years 2010 – 2012 for a number of locations in the District. Non residential HEUs are calculated using the conversion factors in Table 6.

Table 16: Total development contribution fees by location (2013 fees)

	OHOPE; MARAETOTARA	OTARAWAIRERE	PIRIPAI	PLAINS WATER SUPPLY AREA	WHAKATANE	NORTHERN COMMUNITY	MATAHINA – MINGINUI; MURUPARA
District - Solid Waste	\$845.88	\$845.88	\$845.88	\$845.88	\$845.88	\$845.88	\$845.88
District Roothing and Carparking	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46
Northern Community Roothing	\$230.38	\$230.38	\$230.38	\$230.38	\$230.38	\$230.38	
Reserves	\$563.72	\$563.72	\$563.72	\$563.72	\$563.72	\$563.72	
Community Infrastructure	\$1,900.85	\$1,900.85	\$1,900.85	\$1,900.85	\$1,900.85	\$1,900.85	
Ohope Wastewater Treatment and Reticulation	\$1,318.61	\$1,318.61					
Otarawairere Stormwater and Wastewater		\$19,131.43					
Piripai Wastewater Reticulation			\$1,120.34				
Piripai Water Reticulation			\$927.80				
Plains Water Supply				\$752.37			
Whakatane Wastewater Reticulation			\$673.55		\$673.55		
Whakatane Wastewater Treatment			\$119.87		\$119.87		
Whakatane Water Reticulation	\$198.69	\$198.69	\$198.69		\$198.69		
Total Contribution	\$6,875.59	\$26,006.59	\$8,398.54	\$6,110.23	\$6,350.40	\$5,358.29	\$2,663.34

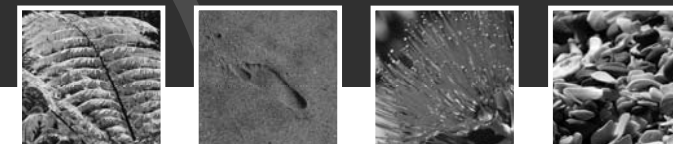


Table 17: Total development contribution fees by location (2014 - 2015 fees)

	OHOPE; MARAETOTARA	OTARAWAIRERE	PIRIPAI	PLAINS WATER SUPPLY AREA	WHAKATANE	NORTHERN COMMUNITY	MATAHINA - MINGINUI; MURUPARA
District - Solid Waste	\$845.88	\$845.88	\$845.88	\$845.88	\$845.88	\$845.88	\$845.88
District Roading and Carparking	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46
Northern Community Roading	\$230.38	\$230.38	\$230.38	\$230.38	\$230.38	\$230.38	
Reserves	\$573.80	\$573.80	\$573.80	\$573.80	\$573.80	\$573.80	
Community Infrastructure	\$1,900.85	\$1,900.85	\$1,900.85	\$1,900.85	\$1,900.85	\$1,900.85	
Ohope Wastewater Treatment and Reticulation	\$1,318.61	\$1,318.61					
Otarawairere Stormwater and Wastewater		\$19,131.43					
Piripai Wastewater Reticulation			\$1,120.34				
Piripai Water Reticulation			\$927.80				
Plains Water Supply				\$752.37			
Whakatane Wastewater Reticulation			\$673.55		\$673.55		
Whakatane Wastewater Treatment			\$119.87		\$119.87		
Whakatane Water Reticulation	\$198.69	\$198.69	\$198.69		\$198.69		
Total Contribution	\$6,885.67	\$26,017.10	\$8,408.62	\$6,120.74	\$6,360.48	\$5,368.37	\$2,663.34

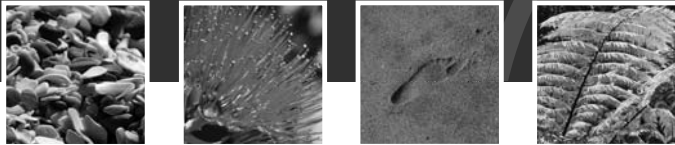
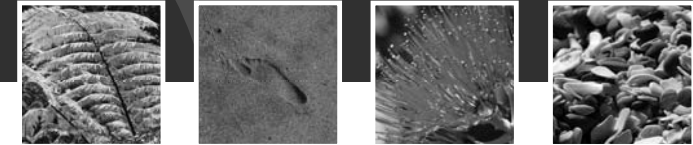


Table 18: Total development contribution fees by location (2016 - 2019 fees)

	OHOPE; MARAETOTARA	OTARAWAIRERE	PIRIPAI	PLAINS WATER SUPPLY AREA	WHAKATANE	NORTHERN COMMUNITY	MATAHINA - MINGINUI; MURUPARA
District - Solid Waste	\$845.88	\$845.88	\$845.88	\$845.88	\$845.88	\$845.88	\$845.88
District Roading and Carparking	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46	\$1,817.46
Northern Community Roading	\$230.38	\$230.38	\$230.38	\$230.38	\$230.38	\$230.38	
Reserves	\$594.29	\$594.29	\$594.29	\$594.29	\$594.29	\$594.29	
Community Infrastructure	\$1,919.17	\$1,919.17	\$1,919.17	\$1,919.17	\$1,919.17	\$1,919.17	
Ohope Wastewater Treatment and Reticulation	\$1,318.61	\$1,318.61					
Otarawairere Stormwater and Wastewater		\$19,131.43					
Piripai Wastewater Reticulation			\$1,528.63				
Piripai Water Reticulation			\$927.80				
Plains Water Supply				\$752.37			
Whakatane Wastewater Reticulation			\$777.92		\$777.92		
Whakatane Wastewater Treatment			\$119.87		\$119.87		
Whakatane Water Reticulation	\$198.69	\$198.69	\$198.69		\$198.69		
Total Contribution	\$6,924.48	\$26,055.91	\$8,960.09	\$6,159.55	\$6,503.66	\$5,407.18	\$2,663.34



POLICY ON DETERMINING SIGNIFICANCE

1.0 INTRODUCTION

The purpose of the Policy is to provide guidance to the Council when determining the significance of proposals and/or decisions. It includes procedures, criteria and some thresholds that the Council will use in assessing which issues, proposals, decisions and other matters are significant. This then gives the community some certainty about how the Council will approach its consideration of proposals and/or decisions.

2.0 GENERAL APPROACH TO DETERMINING THE SIGNIFICANCE OF PROPOSALS AND DECISIONS

The Council will determine the significance of a proposal and/or decision in relation to issues, assets, or other matters, by making judgements about the likely impact of that proposal and/or decision on:

- (a) the current and future social, economic, environmental and cultural wellbeing of the community;
- (b) the parties who are likely to be particularly affected by, or interested in, the proposal and/or decision;
- (c) the likely impact/consequences of the proposal and/or decision from the perspective of those parties;
- (d) the Council's capacity to perform its role and carry out its activities, now and in the future and the financial, resources and other non-financial costs of doing so.

For any proposal and/or decision in relation to land or a body of water, the likely impact/consequences of the

decision on Māori will be considered, including their culture, traditions and relationships with their ancestral land, water, sites, waahi tapu, valued flora and fauna and other taonga.¹

As part of its consideration the Council will take into account how important the proposal and/or decision is in terms of the achievement of, or ability to achieve the community outcomes as identified in the LTCCP.

The Council will consider each proposal and/or decision on a case-by-case basis using the thresholds, criteria and procedures set out in the Policy.

3.0 THRESHOLDS FOR DETERMINING SIGNIFICANCE

The following financial thresholds will be used as a guide to determine whether the proposal and/or decision being considered by the Council has a high degree of significance:

- (a) Unbudgeted capital expenditure proposals and/or decisions where the total cost would exceed 5% of annual capital expenditure for the relevant financial year² or
- (b) Unbudgeted operating expenditure proposals and/or decisions where the total cost would exceed 1% of annual operating expenditure for the relevant financial year³.

¹ This is separate from decisions made under the Resource Management Act 1991

² For the 2008/09 financial year, 5% of capital expenditure was approximately \$1.25million for Whakatane District Council

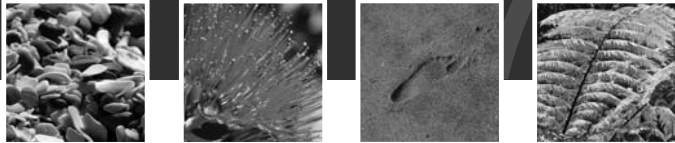
³ For the 2008/09 financial year, 1% of operating expenditure was approximately \$415,000 for Whakatane District Council

- (c) Where the proposal and/or decision will be funded from a funding source other than the Council, the Council's portion of a project, including ongoing costs will be included in the analysis of significance.
- (d) Major spending decisions should be made in the context of the LTCCP, so decisions involving unidentified and unbudgeted expenditure should receive as least as much scrutiny as they would have received had they been included in the LTCCP.

4.0 CRITERIA

The following criteria will be applied in assessing whether the proposal and/or decision being considered by the Council has a high degree of significance:

- (a) The proposal and/or decision adversely affects all or a large portion of the community;
- (b) The impact or consequences of the proposal and/or decision on the affected persons (being a number of persons) will be substantial;
- (c) The financial implications of the proposal and/or decision on the Council's overall resources are substantial;
- (d) The impact or consequences of the proposal and/or the decision on the current or intended level of service performed by the Council or contractor for a significant activity or activities is substantial;
- (e) The degree to which a proposal and/or decision is difficult to reverse. The more difficult it is to reverse a decision, in general, the greater its significance.



- (f) The proposal and/or decision are likely to generate a high degree of controversy in the community. A high level of controversy requires the decision to be treated as more significant and therefore subject to a greater degree of community scrutiny.
- (g) The extent to which the decision flows logically and consequentially from a significant decision already made, or from a decision in the LTCCP (including any subsequent amendments) or the Annual Plan. If it does, then its significance depends principally on the variations between the identified options, because the decision to do something has already been taken.
- (h) Where the significance of a proposal and/or decision is unclear, then the Council will treat the issue as being more rather than less significant.

5.0 PROCEDURES

- (a) Every report on a proposal and/or decision in relation to issues, assets or other matters to the Council must include an assessment of the degree of significance of the proposal and/or decision based on the general approach, thresholds and criteria outlined in the policy.
- (b) If the proposal or decision is considered to be significant, the report will also include a statement addressing the appropriate observance of such sections 77, 78, 80, 81 and 82 of Local Government Act 2002 as are applicable.
- (c) Once the proposal and/or decision has been determined by the Council to be significant in accordance with this Policy the decision-making provisions of the Local Government Act 2002 as

outlined in sections 76-81 shall be applied, as is deemed appropriate by the Council.

- (d) It may not be appropriate or possible for the Council to engage with the community when:
- The Council is carrying out commercial activity or negotiations where confidentiality or commercial sensitivity is required to avoid prejudice; or
 - There are urgent works or a disaster that require the need to act quickly; or
 - Works are required unexpectedly as a consequence of a policy, or following further investigations on projects, already approved by the Council. Where the scope of the project or level of service delivered is unchanged, these will be dealt with through overall fiscal management and prioritisation; or
 - The works required are related to the maintenance of a Council's asset and responsible management requires the maintenance works to take place.

6.0 STRATEGIC ASSETS

A list of the Strategic Assets of the Whakatane District Council is contained in Appendix 1 of this Policy.

This is not an exhaustive list of the Council's assets, but includes only those assets that are considered critical to ensuring that the Council is able to satisfactorily achieve identified community outcomes. The list also includes those assets that have been determined as being strategic assets under the provisions of section 5 of the Act. There is not necessarily a relationship between an asset's value and whether it is deemed to be a strategic asset.

7.0 SIGNIFICANT ACTIVITIES

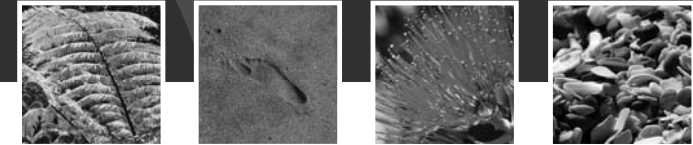
A list of the Significant Activities of the Whakatane District Council is contained in Appendix II of this Policy.

8.0 REVIEW OF THE POLICY

The Council will review its Significance Policy every three years to coincide with the review of the LTCCP.

9.0 USE OF THE TERMS "SIGNIFICANT" & "SIGNIFICANCE"

The Local Government Act 2002 uses the terms "significant" and "significance" in a number of contexts. Unless it is inappropriate in the context, the contents of this Policy and the statutory definitions will apply.



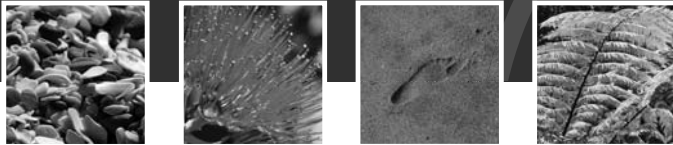
APPENDIX 1 - REGISTER OF THE WHAKATANE DISTRICT COUNCIL'S STRATEGIC ASSETS

For the purposes of section 90(2) of the Act the Council considers the following assets to be strategic assets.

ASSET	NOTES
District Libraries	Includes books and collections
Whakatane Museum	Includes artefacts and collections, excludes items on loan to the Council
Whakatane Aquatic Centre	Includes land, building and structures.
Whakatane War Memorial Hall	
Port (Whakatane, Ohope and Thornton)	Includes all land, buildings and structures associated with the Port Assets.
Amenity parks, sports parks and facilities under the Reserves Act 1977	
Public toilets	
Cemeteries	
Landfills, Recycling Park and Transfer Station	
Wastewater reticulation and treatment systems	Includes land, pipes, pump stations and sewage ponds.
Stormwater reticulation systems	
Roading system	Includes the land, carriageway, footpaths, bridges, street lighting and off-street parking.
Water reticulation, storage and treatment systems	Includes the land, pipes, pumps, reservoirs and treatment plants.
Whakatane Airport	
Harbour Endowment property	
Pensioner Housing (see note 3)	

Notes

- i Strategic assets as identified in the table are the assets in total and not the separate elements of the assets. The requirements of section 97 are only triggered if the proposal relates to the asset as a whole.
- ii Section 97 of the Act requires those decisions to transfer the ownership or control of a strategic asset to or from the Council, or a decision to construct, replace or abandon a strategic asset can only be taken if the decision has been explicitly provided for by a statement of proposal in the Council's LTCCP.
- iii Section 5 of the Act requires this asset to be included in the list as a Strategic Asset.



APPENDIX II - REGISTER OF THE WHAKATANE DISTRICT COUNCIL'S SIGNIFICANT ACTIVITIES

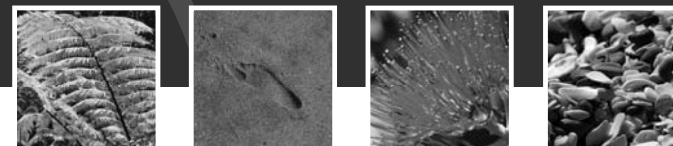
For the purposes of section 88(1) and 97(1) of the Act, the Council considers the following activities to be significant activities.

ACTIVITIES	SIGNIFICANT ACTIVITIES <input checked="" type="checkbox"/>
Governance	<input checked="" type="checkbox"/>
Community Support	
Strategy and Policy	
Transport Networks	<input checked="" type="checkbox"/>
Road Safety	
Parking Enforcement	
Stormwater	<input checked="" type="checkbox"/>
Water	<input checked="" type="checkbox"/>
Wastewater	<input checked="" type="checkbox"/>
Trade Waste	<input checked="" type="checkbox"/>
Waste Disposal	<input checked="" type="checkbox"/>
Waste Recycling	<input checked="" type="checkbox"/>
Waste Reprocessing	<input checked="" type="checkbox"/>
Economic Development	<input checked="" type="checkbox"/>
Promotion	
Visitor Information	
Resource Management - Consents	<input checked="" type="checkbox"/>
Resource Management - Policy	<input checked="" type="checkbox"/>
Licensing (Liquor and Gambling)	
Building	<input checked="" type="checkbox"/>
Environmental Health	<input checked="" type="checkbox"/>
Regulation Monitoring	
Safer Communities	
Animal Control	<input checked="" type="checkbox"/>

ACTIVITIES	SIGNIFICANT ACTIVITIES <input checked="" type="checkbox"/>
Library	<input checked="" type="checkbox"/>
Museum and Gallery	<input checked="" type="checkbox"/>
Halls	
Pensioner Housing	<input checked="" type="checkbox"/>
Commercial Property	
Public Conveniences	<input checked="" type="checkbox"/>
Aquatic Centres	<input checked="" type="checkbox"/>
Ports and Harbour	<input checked="" type="checkbox"/>
Parks and Reserves	<input checked="" type="checkbox"/>
Cemeteries and Crematorium	
Sports Fields	<input checked="" type="checkbox"/>
Recreation	
Emergency Management	<input checked="" type="checkbox"/>
Disaster Mitigation	
Whakatane Airport	<input checked="" type="checkbox"/>

Notes

- i Significant activities as identified in the table are the activities in total and not the separate elements of the activities. The requirements of sections 88 and 97 are only triggered if the proposal relates to the activity as a whole.
- ii Section 97 (1) (a) of the Act requires that any decision to alter significantly the intended level of service provision for any significant activity including a decision to commence or cease any such activity must be explicitly provided for in the LTCCP.
- iii These provisions cannot be applied to changes in activities including the decision to alter or cease any activity and/or to significantly alter the level of service as a result of new statutes or changes to existing statutes being enacted.



POLICY ON PARTNERSHIPS BETWEEN THE COUNCIL AND THE PRIVATE SECTOR

1.0 INTRODUCTION

The purpose of this Policy is to provide guidance to the Council when considering entering in to a partnership with the private sector. This will cover an agreement or arrangement between one or more local authorities and one or more persons in business. This Policy provides guidance to the Council on circumstances, outcomes, conditions and risk management.

2.0 PURPOSE

This policy only applies to partnerships with the private sector. To clarify, the Council has considered this definition with regard to the apparent overall intent of the legislation and the nature of the Council's business. The Council has determined that this Policy **shall apply specifically to:**

- Arrangements or agreements for provision of grants, loans, guarantees, or investments between the Council and persons engaged in business with the intention of making a profit; and
- Agreements for a venture where the Council participates with a person engaged in business with some joint objective; and
- 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 LGA if applicable).

But **shall NOT apply to:**

- Arrangements or agreements to which the only parties are local authorities or 1 or more local

authorities and 1 or more council organisations; or

- A contract for the supply of goods or services to, or on behalf of a local authority; or
- Contracts between the Council and its ordinary suppliers of goods and services (for example, purchase of office supplies or legal services); or
- Contracts between the Council and its customers for the ordinary supply of goods and services (for example, sale of swimming equipment or provision of various consents or licenses); or
- Contracts for the supply of goods and services between the Council and its agents for undertaking Council activities (such as building or maintaining roads); or
- Borrowing by the Council and the investment of the Council's funds purely for financial gain as these transactions will be addressed in the liability management and investment policies respectively; or
- 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; or
- Memorandums of Understanding or Heads of Agreement where the Council is not providing any funding or other significant resources to the other party.

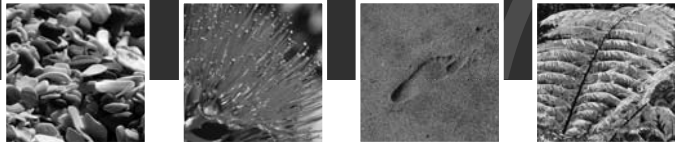
3.0 CIRCUMSTANCES UNDER WHICH THE COUNCIL MAY CONSIDER A PARTNERSHIP WITH THE PRIVATE SECTOR

The Council may consider a partnership with the private sector where there are benefits to the Council of committing resources to a partnership with the private sector such as:

- A need, that a partnership with the private sector would address, has been defined in measurable terms; or
- The partnership is the most effective means of realising the Council's strategic goals or community outcomes as defined in the Council's Long Term Council Community Plan; or
- The partnership will lower the cost of the provision of identified services to the community; or
- There is scope for the private sector to contribute particular skills and/or innovative capacity.

4.0 CONSULTATION

The Council will only undertake consultation in respect of any proposal to provide funding or other resources to any form of partnership with the private sector if that partnership is determined to be significant in terms of the Council's approved Policy on Determining Significance. The Council will generally not undertake consultation in respect of a proposal to provide funding or other resources to any partnership with the private sector that is not considered significant.



4.0 OUTCOMES

The Council can consider the following methods of participating in a partnership:

- Grants
- Loans
- Investments (e.g Council Controlled Trading Organisations)
- Guarantees

The form of contribution to a partnership will be determined based on the nature of the partnership project, the availability of resources and the assessed risks.

5.0 CONDITIONS

The conditions any public private sector partnership will be subject to, will depend on the nature of the partnership, but will include the following where appropriate:

- Private sector participation will be subject to approved procurement processes, with an emphasis on transparency and disclosure of processes and outcomes, acknowledging the need to protect commercial confidentiality where appropriate; and
- Any proposed partnership will be assessed against the Council's policies, plans, strategic goals and community outcomes as specified in the LTCCP; and
- Outputs will be clearly specified including measurable performance standards; and
- Risk allocation is shared equitably; and
- The partnership is compliant with relevant legislation; and

- All private sector parties will be fully accountable to the Council for the delivery of the specified project and/or services.

6.0 RISK MANAGEMENT

The Council will assess and manage any risks associated with any Public Private Sector partnership in the following manner:

- Risk will be assessed, monitored and reported in accordance with the Council's risk management framework; and
- Risk allocation between the partners will be clear and enforceable, with consequential financial outcomes; and
- The major principle governing risk will be a risk transfer regime where risk will be transferred to whoever is best able to manage it taking into account public interest considerations; and
- Each party must have the freedom to choose how to handle and minimise any risk; and
- Where the Council is not the only user of an asset, demand (or volume/usage) risk may also be transferred.

7.0 MONITORING AND REPORTING

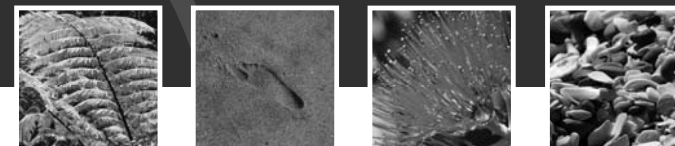
The Council will monitor and report on a public private sector partnership by:

- Ensuring transparency and disclosure of key processes and outcomes; and
- Clearly setting out responsibilities for the monitoring of outcomes; and
- Monitoring and reporting progress on partnership contracts in accordance with the Council's

- financial and programme reporting regime; and
- Assessing and monitoring community outcomes as required under the Local Government Act 2002 annual report requirements.

8.0 REVIEW OF THE POLICY

The Council will review its Policy on Partnerships between the Council and the Private Sector every three years to coincide with the review of the LTCCP. This policy can only be amended as an amendment to the LTCCP.



REMISSION AND POSTPONEMENT POLICIES

1.0 INTRODUCTION

In order to allow rates relief where it is considered fair and reasonable to do so, the Council is required to adopt policies specifying the circumstances under which rates will be considered for remission or postponement. There are various types of remission and postponement and the circumstances under which these are considered may be different. The conditions and criteria relating to each type of remission or postponement are set out in the following pages, including the objectives of the Policy.

1.1 Key Definitions

Non-Rateable land is land that is not rateable under the Local Government (Rating) Act 2002 or any other Act which states that the land is non-rateable.

Land that is non-rateable under the Local Government (Rating) Act 2002 is detailed under Part 1 and Part 2 of Schedule 1 of this Act.

Remitted rates means rates for which the requirement to pay is remitted.

Postponed rates means rates for which the requirement to pay is postponed.

Māori freehold land means land whose beneficial ownership has been determined by the Māori Land Court by freehold order (Section 5, Local Government (Rating) Act 2002).

2.0 RATES REMISSION FOR A RATING UNIT AFFECTED BY NATURAL CALAMITY

2.1 Objective of Policy

The objective of this remission policy is to permit the Council to remit part or whole of the rates charged in any financial year on any land that has been detrimentally affected by erosion, subsidence, submersion, or other natural calamity.

2.2 Conditions and Criteria

The Council may remit the rates charged on a rating unit if:

- 1 Land is detrimentally affected by erosion, subsidence submersion, or other natural calamity.
- 2 The land is unable to support the activity for which it was used prior to the calamity. For example a residence or commercial building that is unable to be occupied as a result of a natural calamity.
- 3 Rates remissions will only be considered and made following the receipt of an application by a qualifying property for the financial year in which the application was received. There will be no backdating of rates remissions.

2.3 Rates to be Remitted

Rates remissions (for part or all) may be applied to all rates charged on the qualifying properties.

2.4 Delegation

Decisions on the remission of rates charged on land that has been affected by erosion, subsidence, submersion, or other natural calamity will be delegated to the Chief Financial Officer.

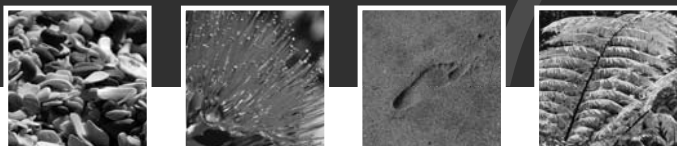
3.0 RATES REMISSION FOR RESIDENTIAL LAND IN COMMERCIAL, INDUSTRIAL OR RURAL AREAS

3.1 Objective of Policy

The objective of this remission policy is to ensure that ratepayers of residential rating units situated in commercial, industrial or rural areas are not unfairly penalised by the zoning decisions of the Council.

3.2 Conditions and Criteria

- 1 To qualify for rates remission under this Policy the rating unit must:
 - (a) be used solely for residential purposes and be situated within an area of land that has been zoned for commercial, industrial or rural use. (Ratepayers can ascertain the zoning of their property by inspecting the Whakatane District Council District Plan, copies of which are available at the Council Offices).
 - (b) the residential property has a value that is at least 20% greater than similar properties that are located in a residential zone area.



- 2 Upon receipt of an application, staff will request the Council's valuation service provider to determine a valuation that will "value the rating unit as if it were located in a comparable area that is zoned "residential". The ratepayer may be required to contribute 50% of the cost of valuation prior to the valuation being carried out.

3.3 Rates to be Remitted

The amount of remission granted under this Policy will be limited to the difference between the rates charged on the original value and the rates chargeable on the "residential value" of the property.

3.4 Delegation

Decisions on rates remissions under this policy will be delegated to the Chief Financial Officer, who will grant a rates remission being the difference between the rates charged on the original value and the rates chargeable on the "residential value" of the property.

4.0 RATES REMISSION OF UNIFORM ANNUAL GENERAL CHARGE AND TARGETED RATES IN CERTAIN CIRCUMSTANCES

4.1 Objective of Policy

The objective of this remission policy is to apply the Uniform Annual General Charge and Fixed Charges on a fair and equitable basis to ratepayers.

Section 20 of the Local Government (Rating) Act 2002 provides for two or more rating units to be treated as one unit for setting a rate if the units are:

- In the same ownership, and

- Used jointly as a single unit, and
- Contiguous or separated by a road, railway, drain, water race, river or stream.

This Policy provides for the possibility of a rates remission where the above three conditions are not all met, but where it is nevertheless considered inequitable for the rating units to be treated as separate.

In addition, it provides for remission of uniform annual general charges (UAGCs) and/or targeted fixed charge rates where a rating unit is liable for multiple charges but it is considered inequitable or excessive to assess full charges. This Policy may also be applied to individual lots for subdivisions, before the titles are sold.

4.2 CONDITIONS AND CRITERIA:

- 1 The units may be in separate ownership, but if they are contiguous and are used jointly as a single unit, they will be treated as a single unit.
- 2 Contiguous rating units in the same ownership will be treated as a single unit where any of the following circumstances exist:
 - One unit is used as a private residence and the contiguous unit(s) is used solely as a garden or similar private part of the grounds only in connection with the residence.
 - One unit is used solely for vehicle parking in conjunction with a building on a contiguous rating unit in the same ownership.
- 3 The remission will be the uniform annual general charge plus targeted fixed charge rates, on all but one rating unit where all of these rating units are:
 - (a) subdivided into 5 or more lots where the titles have been issued; and

- (b) owned by the original developer who is holding the individual titles pending their sale to subsequent purchasers; and
- (c) originally contiguous or separated only by road, railway, drain, water race, river or stream.

4.3 Rates to be Remitted

Rating units that meet the criteria under this policy may qualify for a remission of the uniform annual general charges (UAGC's) and any targeted rates set on the basis of a fixed dollar charge per rating unit.

The ratepayer will remain liable for at least one set of each type of uniform annual general charge or fixed charge.

4.4 Delegation

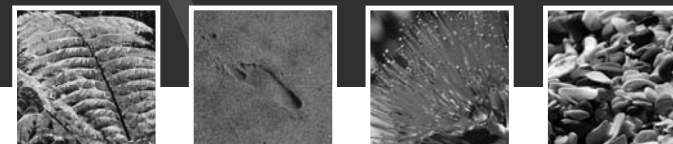
Decisions on rates remission under this policy will be delegated to the Chief Financial Officer.

5.0 RATES REMISSION FOR PENALTIES ON UNPAID RATES

5.1 Objective of Policy

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

The intention is to have a fair and equitable approach to penalties. The Council's intention is that this is a method of encouraging payment on time, not a source of revenue.



5.2 Conditions and Criteria

- 1 Upon receipt of a written application from the ratepayer, the Council may remit penalty where it considers that it is fair and equitable to do so. Matters that will be taken into consideration by the Council include the following:
 - (a) Rates (excluding the penalty) should be paid in full before remission is considered, except where provision is made for the remission of penalties prior to full repayment where regular payment plans, extending beyond 12 months, are in place and performing satisfactorily.
 - (b) Remission may be granted where late payment has arisen for an acceptable genuine reason or extra-ordinary event.
 - (c) The past payment history of the ratepayer is to be considered in all circumstances.
 - (d) There should have been an established regular payment arrangements plan, which has been performing satisfactorily, resulting in the reduction of rate arrears.
- 2 The Council reserves the right to impose conditions on the remission of penalties.

5.3 Rates to be Remitted

Remissions up to the total amount of penalties charged on a rating unit may be applied to qualifying properties.

5.4 Delegation

That the delegated authority for the remission of penalties be set at:

Chief Executive	Over \$2,000.00
Chief Financial Officer	Up to \$2,000.00
Rates and Revenue Team Leader	Up to \$1,000.00

6.0 RATES REMISSION FOR WATER-BY-METER RATES DUE TO LEAK DETECTION

6.1 Objective of Policy

The objective of this remission policy is to enable the Council to act fairly and reasonably to reduce accounts that are unusually high due to a water leak and there is evidence that the repairs have been carried out within 30 days of the Water Account being issued.

This Policy is to provide some relief to metered water users, however the responsibility for water leaks beyond the water meter is ultimately the owners' and any water rates remitted will be a cost to other water users.

6.2 Conditions and Criteria:

- 1 Upon obtaining satisfactory evidence of there having been a water leak and the property owner has repaired the leak within the Policy timeframe, the Council will remit part of the additional water consumed as measured by meter due to a water leak.
- 2 This policy applies only to targeted rates for water-by-meter and excess water usage charges, where applicable.
- 3 Any remission under this policy will be limited to one application within any five year period for any particular meter.
- 4 This policy applies only to leaks that are from pipe work that is underground or within the concrete slab foundation.

6.3 Rates to be Remitted

The water rates relating to leakage will be determined by "the total water consumption for the period less the normal water consumption." The normal water consumption shall be calculated as the "average water consumption over the previous two years".

The remission for water leakage (excluding normal consumption) will be calculated in accordance with the following formulae:

- For water consumption rates arising from leakage, remit up to 50% of the water consumption rates attributable to leakage.

(The penalty being the difference between the amounts arising from leakage less the remission).

6.4 Delegation

Decisions on rates remission under this policy will be delegated to the Chief Financial Officer.

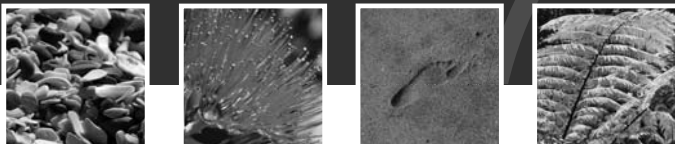
7.0 RATES REMISSION FOR EDUCATIONAL INSTITUTIONS SEWAGE (PAN) CHARGES

7.1 Objective of Policy

The objective of this remission policy is to enable the Council to reasonably rate educational institutions for sewerage disposal, having regard to the number of water closets and urinals needed for the number of staff and students rather than for the actual number of water closets and urinals available.

7.2 Conditions and Criteria:

1. This policy will apply to the following educational establishments:



- (a) a state school under section (2)(1) of the Education Act 1989;
 - (b) an integrated school under section (2)(1) of the Private School Conditional Integration Act 1975;
 - (c) a special institution under section 92(1) of the Education Act 1989; or
 - (d) an early childhood centre under section 308(1) of the Education Act 1989, but excluding any early childhood centre operating for a profit.
2. This Policy does not apply to schoolhouses.
 3. Upon receipt of an annual written application from the educational establishment, including an annual return of staff and student numbers, the Council may remit the number of pan charges in excess of the deemed number of pans. The excess number of pans will be the number of water closets and urinals available, less the deemed number of pans.
 4. The deemed number of pans will be calculated as follows:

$$\frac{\text{Number of Staff} + \text{Number of Students}}{20} = \text{Deemed number of pans}.$$
 5. The number of staff in an educational establishment is the number of teaching staff and administration staff employed by the educational establishment on 1 March immediately before the year to which the charge relates.
 6. The number of students in an educational establishment is the number of students on its roll on 1 March in the year immediately before the year to which the charge relates.
 7. If the actual number of water closets and urinals for the educational establishment exceeds the deemed number of pans, Council will remit the difference.

7.3 Rates to be Remitted

The number of pan charges for rates remission shall be “the number of water closets and urinals available less the number of deemed water closet and urinals”.

7.4 Delegation

Decisions on rates remission under this policy will be delegated to the Chief Financial Officer.

8.0 RATES POSTPONEMENT FOR EXTREME FINANCIAL HARDSHIP

8.1 Objective of Policy

The objective of this postponement policy is to assist ratepayers experiencing extreme financial circumstances/hardship which affects their ability to pay their rates.

8.2 Conditions and Criteria:

1. Upon receipt of a written application from the ratepayer, the Council will consider on a case by case basis, all applications received that meet its criteria and conditions:
 - (a) Only rating units used solely for residential purposes (as defined by the Council) will be eligible for consideration from rates postponement for extreme financial circumstances.
 - (b) When considering whether extreme financial circumstances/hardship exists, all of the ratepayer’s financial circumstances will be relevant including, assets owned and any encumbrances placed on those assets.
 - (c) The person entered on the Council’s rating information database as the ratepayer and seeking a rates remission because of extreme

financial hardship must not own, or have an interest in any other rating units, investment properties (whether in the District or another district), or realisable assets.

- (d) 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 for normal health care and 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.

8.3 Rates to be Postponed

The approved postponement will only apply for the rating year in which the application is made.

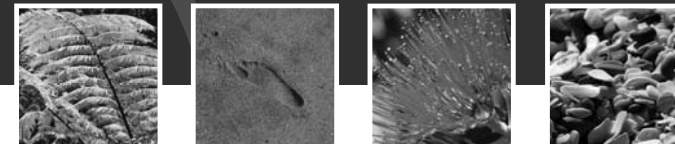
Rates under this policy will be postponed until:

- (a) the death of the ratepayer(s); or
- (b) the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
- (c) the ratepayer(s) ceases to use the property as his/her residence; or
- (d) the circumstances of the ratepayer(s) no longer meet the conditions and criteria for providing a rates postponement; or
- (e) a time specified by the Council.

Rates postponement (for all or part) may be applied to all rates charged on qualifying properties with the exception of targeted rates for water, sewerage and refuse collection.

8.4 Delegation

Decisions on rates postponement under this policy will be delegated to the Chief Financial Officer.



9.0 REMISSION OF OUTSTANDING RATES AND PENALTIES ON UNDEVELOPED SECTIONS

Remission of outstanding rates and penalties on:

- (i) undeveloped sections, or;
- (ii) those rating units where the building(s) have been removed, or;
- (iii) where buildings are in a derelict state

AND

- (iv) where those rating units are purchased by the owner(s) of a rating unit that is contiguous to or is separated from the rating unit in question only by a road, railway, drain, water race, river or stream

AND

- (v) the two rating units are used as one residential unit, or;
- (vi) where the rating units have been subject to a rating sale under Section 67 of the Local Government (Rating) Act 2002.

9.1 Objective of Policy

The objective of this Policy is to facilitate the purchase of vacant rating units (sections) by adjoining property owners to enhance the social and environmental well-being of the community and to facilitate the land being brought back into use so that it may contribute towards the rating revenues of the District in future years.

9.2 Conditions and Criteria:

1. The Council will postpone outstanding rates and outstanding rates penalties owing on a rating unit for a period of up to five years or until the purchaser of the rating unit applies for a building consent for the construction of a building on the rating unit, whichever comes first, as defined in the Whakatane District Plan if:

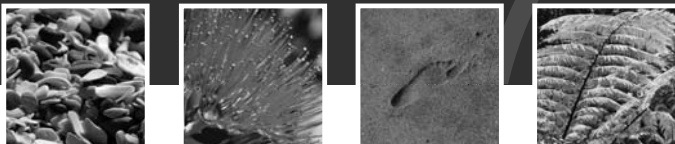
- (a) That rating unit is undeveloped, the building(s) have been removed or are in derelict state AND the rating unit is purchased by the owner of adjoining property such that section 20 of the Local Government (Rating) Act 2002 is satisfied; or
- (b) The rating unit has been the subject of a rating sale under section 67 of the Local Government (Rating) Act 2002 and such sale has produced insufficient funds to clear all of the rates and penalties owing, and, in either case.

9.3 Rates to be Remitted

After a period of five years from the date any such postponement comes into effect and the rates payable from the rating unit continue to be paid in full for that rating unit for the same period the Council may remit the postponed rates in full.

9.4 Delegation

Decisions on rates remission under this policy will be delegated to the Chief Financial Officer.



POLICY ON THE REMISSION AND POSTPONEMENT OF RATES ON MĀORI FREEHOLD LAND

1.0 INTRODUCTION

The Local Government Act 2002 (LGA 2002) requires the Council to adopt policies for the remission and/or postponement of rates on Māori Freehold Land (section 102(4)(f)). In developing this policy, the Council must consider the matters set out in Schedule 11 of the LGA 2002. This includes the recognition that there are particular cultural, historical and legal factors that distinguish Māori Freehold Land from General Land. These factors include:

- The land is generally multiply owned; and/or
- There are legislative and cultural constraints on the ability to alienate Māori Freehold Land; and/or
- The land is undeveloped and/or unoccupied for cultural, spiritual or practical reasons; and/or
- Māori Freehold Land is not freely tradeable and is difficult to alienate (and in many cases, the owners do not want to alienate the land).

In compliance with the LGA 2002 and in recognition that the nature of Māori Freehold Land is different to General Land, the Council has formulated a Policy on the Remission and Postponement of Rates on Māori Freehold Land.

Key definitions

“**Māori Freehold Land**” means land whose beneficial ownership has been determined by the Māori Land Court by freehold order (Section 5, Local Government (Rating) Act 2002).

“**Unoccupied**” means, in respect of a block of land or a portion¹ of a block of land, that there is no person, whether with a beneficial interest in the land or not, who, alone or with others:

¹ See section 98 of the Local Government (Rating) Act 2002, which allows for the apportionment of rates.

- (a) leases the land, and/or
- (b) does any of the following things on the land, with the intention of making a profit or for any other benefit:
 - resides on the land
 - de-pastures or maintains livestock on the land
 - stores anything on the land.

“**Wahi Tapu**” means a place sacred to Māori in the traditional, spiritual, religious, ritual or mythological sense (Section 2 of the Historic Places Act 1993).

1.1 Policy objectives

To recognise that Māori Freehold Land may have particular conditions, ownership structures or other circumstances which make it appropriate to remit or postpone rates for defined periods of time.

To introduce a policy which promotes the collection of rates from owners of Māori Freehold Land in order to achieve a fair and equitable collection of rates from all sectors of the community.

1.2 What is available?

This policy is in two parts. Each part deals with two distinct situations.

Part 1 deals with the remission of rates on Māori Freehold Land that is unoccupied and undeveloped.

Part 2 deals with the postponement of rates on Māori Freehold Land to facilitate the development and use of that land for economic purposes: where the Council considers that the utilization of that land would be uneconomic if full rates were payable immediately.

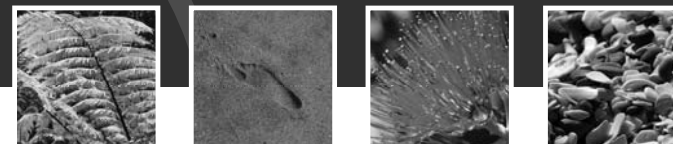
2.0 PART 1

2.1 Background

- 1 The Whakatane District contains areas of Māori Freehold Land that is unoccupied. This land creates a significant rating burden on the Māori owners who may not have the means or in some cases, the desire to make economic use of the land.
- 2 The reasons why Māori Freehold Land remains unoccupied is due to a number of factors which may include:
 - the nature of land ownership (for example, the land is owned by multiple owners, many of whom do not live near the land); and/or
 - the land has some special significance which makes it undesirable to develop or reside on; and/or
 - the land is isolated, difficult to access and marginal in quality.

2.2 Objective

1. Recognise situations where land has been set aside for cultural or natural heritage reasons and no income is derived from the land.
2. To avoid further alienation of Māori Freehold Land as a result of pressures that may be brought by the imposition of rates on unoccupied land.
3. To recognize matters relating to the physical inaccessibility of land.



4. To provide the ability to grant remission for portions of land that are not occupied.
5. To support the traditional relationship of kaitiakitanga (guardianship) to the land including the use of the land by the owners for traditional purposes.

2.3 Conditions and Criteria

The Council will consider remitting rates on Māori Freehold Land under Part 1 if the following criteria are met:

- 1 The land is Māori Freehold Land as defined by section 5 of the Local Government (Rating) Act 2002. This definition is set out above under the heading “Key definitions”
- 2 The land is unoccupied, as defined above under the heading “Key definitions”.
- 3 The land has been identified as requiring special treatment for rating purposes. This includes land which is:
 - (a) Unoccupied; AND
 - (b) it is uneconomic to use; OR
 - (c) no tangible benefit is derived from the use and occupation of the land; OR
 - (d) the land is inaccessible; OR
 - (e) the community benefits from –
 - The protection of outstanding natural features on the land; OR
 - The protection of significant indigenous vegetation and significant habitats of indigenous fauna on the land; OR
 - (f) the land contains wahi tapu affecting the use of the land for other purposes.

- 4 Any application for a remission of rates is to be made in writing annually, except where a remission has been granted for a longer period OR when staff recognise that a property is unoccupied or uneconomic to use, staff may initiate the application for remission of rates so that arrears are not overstated in the Council’s records.
- 5 Where applicable, staff have the discretion to negotiate remission of rates and penalties as a tool to clear arrears and current rates.
- 6 The Council may consider a portion of a block of Māori Freehold Land to be unoccupied.²
- 7 The Council reserves the right to seek such additional information from the applicant/s or from any other source as it may determine as necessary in considering that application.

2.4 Rates to be remitted

Rates remissions (for all or part) may be applied to all rates charged on Māori Freehold Land with the exception of any targeted rate for connection to water and wastewater services or where a refuse collection service is provided.

Any approved remission will generally be for a period of one year, but may be considered for up to three consecutive rating years. With the exception, that where the Council is considering a remission of rates for past rating years, the three year maximum period of remission may be exceeded at the Council’s discretion.

2.5 Delegation

Applications for the remission of rates for Māori Freehold Land will be approved for remission in terms of the

² See section 98 of the Local Government (Rating) Act 2002, which allows for the apportionment of rates.

Council’s Policy by the Council’s Chief Executive or delegated Council Officer by Council resolution.

3.0 PART 2

3.1 Background

1. The Council recognises that significant rate arrears can act as a disincentive to any new or existing occupation of Māori Freehold Land.
2. Policies for the postponement of rates for Māori Freehold Land encourage the use of the land by occupiers who agree to pay the current and future rates for the period of time that they will use the land.
3. Postponement means that the rates remain as a debt against the property until they are written off after six years or the status of the land changes. Whilst the rates are postponed, the Council does not seek to collect them.
4. Part 2 is consistent with the objectives set out in Schedule 11 of the Local Government Act 2002, which include the need to facilitate the wish of the owners of Māori Freehold Land to develop the land for economic use
5. Part 2 provides for the remission of outstanding penalties and the postponement of rate arrears outstanding at the time that the agreement contemplated under this policy comes into force.
6. Part 2 provides that in the event that the current rates continue to be paid, the postponed rates will be remitted at the completion of the time period specified by the Council, which will not exceed six years after the date which they were charged to the land.



3.2 Objective

To facilitate the development and use of Māori Freehold Land for economic use where the Council considers that the utilisation of that land would be uneconomic if full rates were payable.

To support any wish of the owners to develop the land for economic or other purposes by removing the rates burden while they plan for this development.

3.3 Conditions and Criteria

The Council will consider agreeing to postpone the arrears of rates on Māori Freehold Land subject to the land being continuously used by a person or persons as defined by section 96 of the Local Government (Rating) Act 2002 and that person or persons agreeing to pay the current and future rates by the due date, while they are using the land, subject to the following criteria:

- 1 The land is Māori Freehold Land as defined by section 5 of the Local Government (Rating) Act 2002, set out above.
- 2 The application must be in writing signed by the owner/s, their agent, or the person or persons proposing to use the land.
- 3 The person or persons using the land must enter into an agreement in writing with the Council to keep the current and future rates up to date while they are using the land.
- 4 All previous instalments of the current years rates must be paid in full within one month of the agreement date or in part payments, by the 30th June of the applicable year OR at the discretion of the Council an agreement may be entered into with the owners or trustees of any Māori Freehold Land, which allows for the

staged payment of rates over a 5-year period according to the following schedule:

- Year 1: Not less than 20% payable for that year
- Year 2: Not less than 40% payable for that year
- Year 3: Not less than 60% payable for that year
- Year 4: Not less than 80% payable for that year
- Year 5: 100% payable that year.

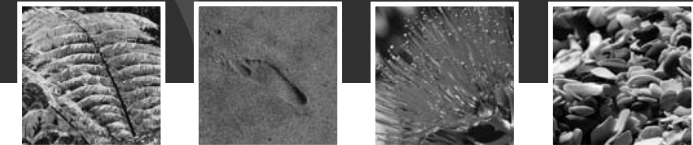
- 5 Any agreement negotiated under clause 4 must be supported by the following information:
 - (a) A 5-year projected cash flow prepared by a suitably qualified person, which shows the increase in annual cash surplus over the 5-year period.
 - (b) An assessment by the Council that the projected cash flow is realistic and can be achieved.
 - (c) An annual report from the owners or trustees.
 - (d) Any other documents the Council considers necessary to make an assessment.
- 6 The Council will have the sole judgement on whether or not to grant the application and may seek such additional information as it may require before making the final decision.
- 7 Pursuant to section 88 of the Local Government (Rating) Act 2002, a postponement fee may be added to the postponed rates.

3.4 Termination and repayment of postponed rates

- 1 Postponed rates will remain as a charge on the property for a period of six years from the date on which the rate was assessed, after which time they will be remitted.
- 2 If the current and future rates are not paid within one month of the due dates, the Council reserves the right to reapply the postponed rates to the land, subject to any agreement negotiated under clause 4 of Part 2 of this Policy.

3.5 Delegation

Applications for the postponement of rates for Māori Freehold Land will be approved in terms of the Council's Policy by the Council's Chief Executive or delegated Council Office by Council resolution.



SUSTAINABILITY PROGRAMME - SUPPORTING SUSTAINABLE DEVELOPMENT

1.0 OBJECTIVES

For the Whakatane District Council, “sustainability” is about incorporating how the people, environment and economy are shaped by the decisions and actions of the Council. Sustainability is about making the community outcomes of the District “real” and using them to guide the way we do business.

There are four key aspects of the Council’s role in promoting sustainability.

A sustainable organisation – leading by example and being an innovator to reduce our ecological footprint.

Sustainability through service provision – ensuring the services that the Council provides are delivered in a sustainable manner

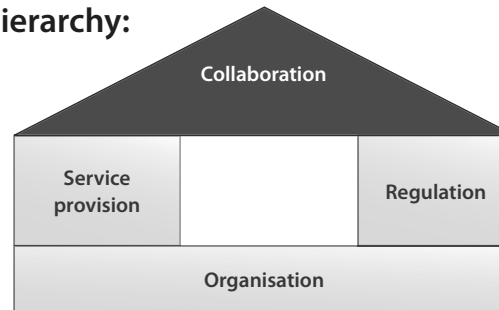
Sustainability through collaboration – working with others to encourage, facilitate and improve sustainability throughout the district.

Sustainability through regulation – Using the Council’s regulatory functions and its responsibility to the community to ensure sustainable development.

A sustainable organisation is the first step the Council will take to work towards a sustainable district. This will ensure the Council can implement sustainable initiatives, where it has most influence. Working towards a sustainable organisation will also put the Council in a position to lead by example and demonstrate the advantages of taking a sustainable approach, including cost savings.

The other key aspects that the Council will work towards will act as pillars to build on the achievements already made by the Council and multiply the benefits across the District.

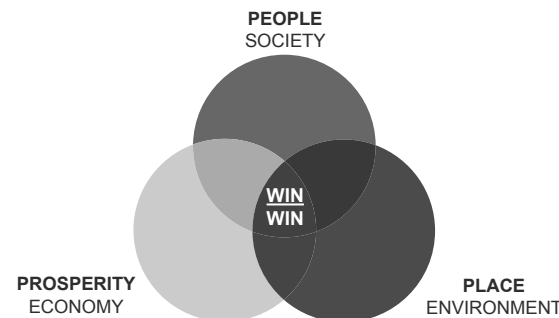
Hierarchy:



2.0 WHAT IS SUSTAINABILITY?

Sustainability is all about considering the impact of any action (or inaction).

This means understanding that everything we do will have consequences. Each consequence will have either a positive or negative impact on one of the four well-beings. Ultimately we aim to achieve outcomes that have the most positive benefits, without having a negative impact. This creates a win/win scenario and ensures that the action could be continued indefinitely without an adverse side effect.



An example for Whakatane:

By improving and sustaining the environment in which we live (place), there will be an improvement in the quality of life for the community (people). This will make Whakatane a more desirable place to live. By attracting people and therefore businesses to the area, this will help improve the economy of the district (prosperity).

3.0 PUTTING IT INTO PRACTICE - WHAT DOES THIS MEAN FOR THE WHAKATANE DISTRICT COUNCIL?

The Council will continue to show a commitment to ensuring sustainable development and consideration of the four wellbeings through the following systems:

Council vision

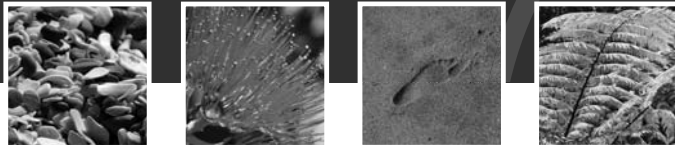
The Council has embraced a vision that represents to the community a commitment to promote the environment, culture, society and economy of the Whakatane District both for the community today and for future generations.

Purpose

An element of the Council’s stated purpose is to provide a framework for sustainable development through long-term planning and strategies. The Council has incorporated an integrated sustainable approach throughout the LTCCP to ensure long-term sustainable development.

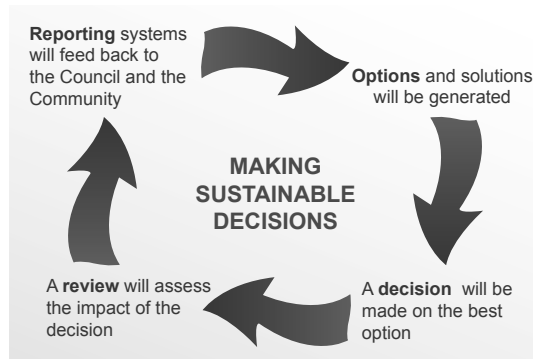
Decision making

The Council is committed to integrating a sustainable development approach to core decision making. This means that all decisions made by the Council will be



considered for their benefits to the community as a whole and for the future benefits of any decision.

This means that every decision made by the Council will be considered through the following process:



Community outcomes

Community outcomes are a desired state or ideal that the community identifies and believes is important for its present and future wellbeing. They are a mechanism through which sustainable development will be achieved. The Council is committed to progress towards its agreed community outcomes, therefore promoting community wellbeing and sustainable development.



Activities that the Council undertakes on behalf of the community all contribute towards the enhancement of the District's community outcomes. Links are made through the Council's LTCCP to represent where these contributions are made.

Asset management plans

The Council has developed thorough plans to help manage the assets owned and utilised by the Council on behalf of the community. This process ensures that all assets are managed in a way that will provide the most benefit to the community both now and in the future. Each Asset Management Plan includes a specific chapter highlighting where an activity may have a negative impact on the four wellbeings and what sustainable development approach will be implemented to address and mitigate the negative impact. Each project proposed for the coming 10 years, has been considered for its sustainable approach.

Long-term Council Community Plan

The Council has incorporated the principles of sustainability throughout the development of the LTCCP. The LTCCP outlines the proposed projects and activities for the Council over the following 10 years. For each activity the Council undertakes, there has been a review of the community outcomes to which the activity relates, and consideration for any potential impacts of that activity on the four well-beings. Using the "making sustainable decisions" model above, the Council has considered the potential options for ensuring sustainable solutions are undertaken.

Development and implementation of a sustainability strategy

During the term of the 2009-19 LTCCP the Council will develop and implement a sustainability strategy and associated action plans. The intention is to take

a considered approach to ensuring that principles and objectives of sustainability are integrated into all aspects of the Council's business. The programme has been split into three main phases and spread over a three year period, both to recognise the level of resource that is available to undertake this work, as well as to feed into the development of the next LTCCP. The roadmap below sets out the timing and structure of this programme.

Strategy

In 2009/10 the Council will develop and adopt a sustainability strategy. Its purpose will be to fully and clearly articulate the Council's intended activities and outcomes within this programme. It will undertake overarching cost/benefit analysis of the proposed programme.

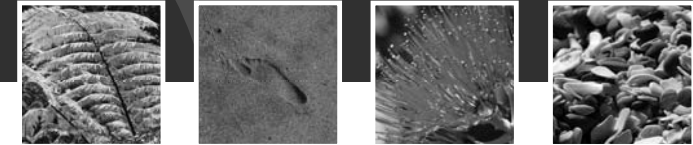
Action plans

In 2009/10 the Council will develop and adopt action plans for each of the four aspects of its role in promoting sustainability:

- A sustainable organisation
- Sustainability through service provision
- Sustainability through collaboration
- Sustainability through regulation

The action plans will set out in detail how the Council will achieve its objectives within each aspect of the sustainability roles. They will develop the connection between the sustainability programme and other Council programmes and activities. They will set out a programme of implementation initiatives, along with further cost/benefit analysis.

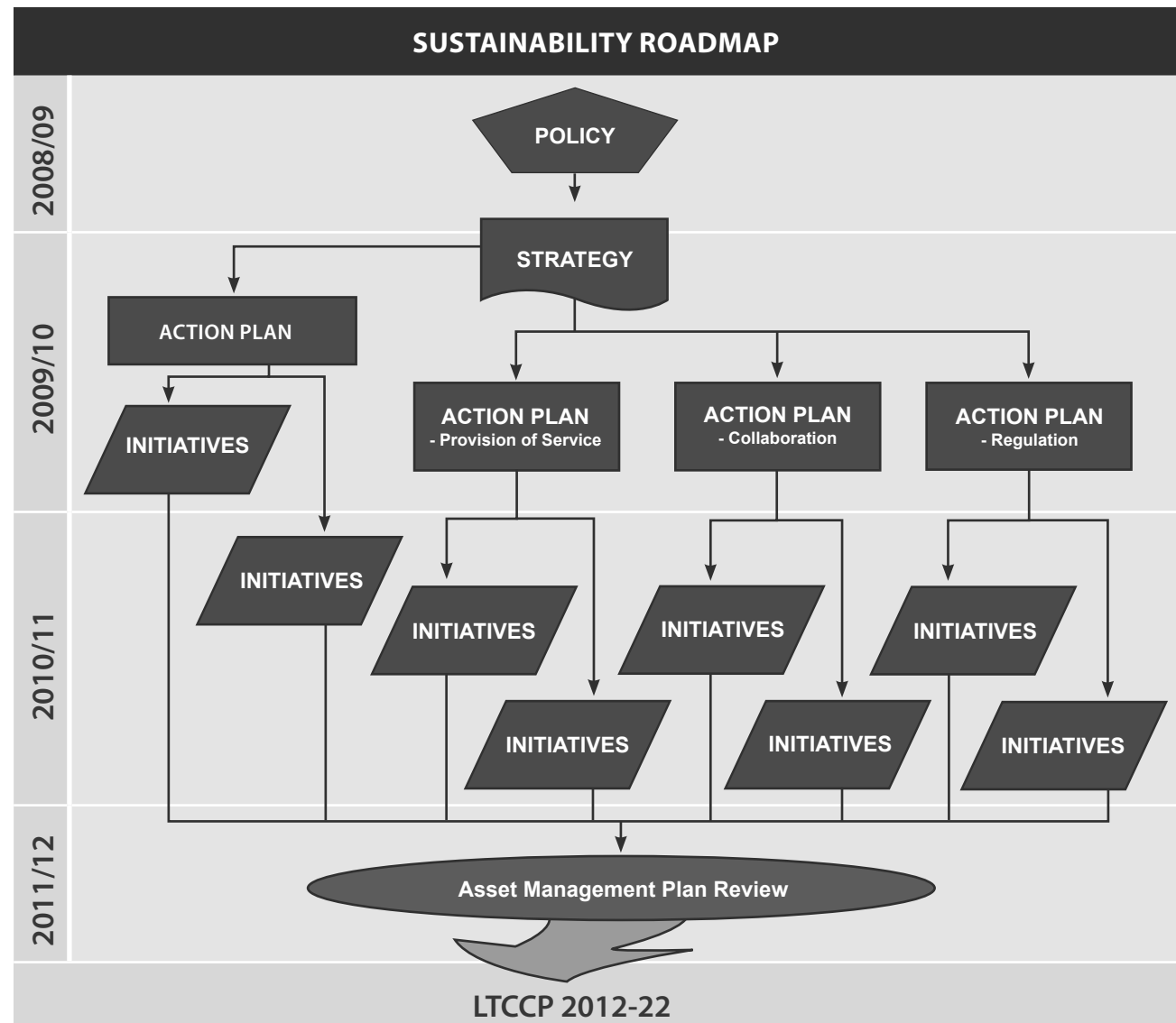
The first stage will involve an action plan for a sustainable organisation and will facilitate quick actions and a strong direction for the organisation. A focus for this plan will be Council accreditation with a highly

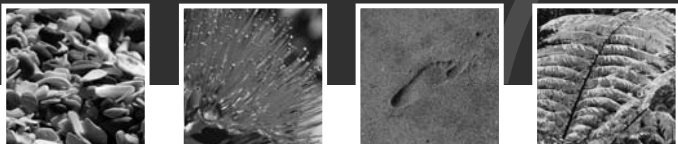


regarded accreditation scheme. The second stage will be to develop the other three action plans, incorporating the direction provided through the sustainability strategy.

Initiatives

In 2010/11, as the Council moves into the development of the next LTCCP, specific initiatives under this programme will be project planned, budgeted and adopted. This will feed directly into the review of the asset management plans and subsequently the development of and consultation on the 2012-22 LTCCP.





BUILDING MĀORI CAPACITY TO CONTRIBUTE TO COUNCIL DECISION MAKING

1.0 INTRODUCTION

The Local Government Act 2002 states that a Council must:

- Provide opportunities for Māori to contribute to Council's decision-making.
- Consider ways to foster development of Māori capacity to contribute to the Council's decision-making.
- Provide relevant information to Māori for these purposes.

2.0 THE IWI LIAISON COMMITTEE

The Iwi Liaison Committee is a standing committee of Council first established in 1993. The committee structure and membership is reviewed every three years, coinciding with the local body elections. The committee operates within the following framework:

- Mana Atua – spiritual dimension
- Mana Tipuna – ancestral dimension
- Mana Whenua – land dimension (landmarks of cultural and/or historical importance)
- Mana Tangata – community (social input) at waka, iwi and hapu levels

Its membership consists of elected representatives from the following Iwi:

- Tuhoë (three representatives)
- Ngāti Awa (three representatives)
- Tuwharetoa ki Kawerau (one representative)
- Ngāti Manawa (one representative)
- Ngāti Rangitihī (one representative)

- Ngāti Whare (one representative)
- Upokorehe (one representative).

The Mayor and two councillors are also members of the committee.

It functions under a terms of reference which outlines the following key points.:

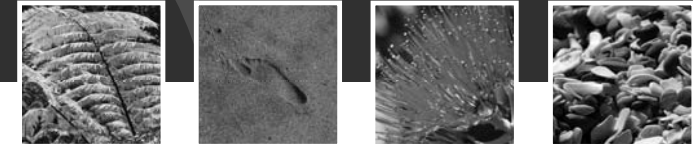
- Strengthen the relationship between hapu, iwi, and Māori and the Council;
- Maintain and improve the capacity of hapu, iwi and Māori to contribute to the Council's decision-making processes .
- Maintain and improve the Council's capacity to engage with hapu, iwi and /Māori; and
- Provide high quality advice and recommendations which guide the Council in applying the principles of the Treaty of Waitangi, recognising and providing for hapu and iwi perspectives and ensuring the wellbeing of Māori generally, in promotion of the social, economic, cultural and environmental wellbeing of the Whakatāne District;

The terms of reference recognises that:

- The Whakatāne District has a significant Māori population. In 2006 the population of the Whakatāne District was 33,300, with 13,332 (42.2%) of people identifying as Māori compared to 15.1% nationally.
- The Council has a duty to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi

and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

- Hapu, iwi, Māori perspectives and interests can be different and that hapu, iwi, Māori need the opportunity to represent themselves to the Council.
- The iwi and hapu within the Council rohe are unique to the Whakatāne District and their values, traditions and language require protection and fostering.
- Māori in the district are important in shaping the cultural and social fabric of the Whakatāne District, underlining approaches to the environment, and setting the economic direction of the District.
- Māori are significant ratepayers as individuals and as owners of multiply owned land, and as users of Council services.
- Māori land ownership structures are complex and different to ownership structures for general land.



2.1 Guidance, advice and recommendations

The committee is mandated (with appropriate delegations) to provide guidance, advice and recommendations to Council on:

- (a) Any matters affecting the social, economic, cultural and environmental well-being of whanau, hapu, iwi and Māori in the Whakatāne District.
- (b) Internal Council processes, consultation with whanau, hapu, iwi and Māori and alternative processes for consultation and engagement which may be required from time to time.
- (c) Opportunities to experience, celebrate and share hapu, iwi and Māori cultural events with the wider community.
- (d) Statutory acknowledgements arising from Treaty of Waitangi settlements.
- (e) The promotion and protection of Te Reo Māori me ōna tikanga within the rohe of the Whakatāne District Council.
- (f) Other options for developing hapu/iwi and Māori capacity to contribute to the Council's decision-making processes, particularly in respect to the Long-term Council Community Plan, Annual Plan, District Plan and the development and monitoring of community outcomes.

2.2 Review of policies, plans and proposals

The Committee can:

- (a) Make submissions as the Iwi Liaison Committee on the Council's Long-term Council Community Plan, the Annual Plan and the District Plan, on any matters affecting, or likely to affect, hapu, iwi, or Māori within the rohe of the Whakatāne District Council;
- (b) Make submissions as the Iwi Liaison Committee, on any matters being undertaken or proposed to be undertaken by third parties that may affect or hapu, iwi or Māori within the rohe of the Whakatāne District Council (e.g. government legislation or the actions of government agencies).
- (c) Formally receive iwi/hapu management plans, and oversee processes for the Council to receive, respond to and have due regard to those plans.

2.3 Discretionary fund

The Committee is given an annual discretionary fund to support Māori cultural events/initiatives, promote Māori cultural awareness, encourage and support Te Reo Māori, and to celebrate, promote and protect Māori culture and sports.

Groups/organisations and individuals have received funding to;

- compete in Waka Ama events
- attend Māori Performing Arts and/or Kapa Haka
- participate in the celebration of Matariki
- promote Māori Language Week

- support Mana Wahine week
- compete in the annual Rangatahi (Youth) Debate

2.4 Information Requests

The committee can request information from the Council on a topic or issue.

The Iwi representatives on the committee report back to their respective Iwi and bring issues from their Iwi to the Council for consideration. The types of issues raised have included effective consultation and engagement processes, and operational issues such as roading, rates, waste, capital works carried out by the Council, asset and resource management.

2.5 Tūtohunga

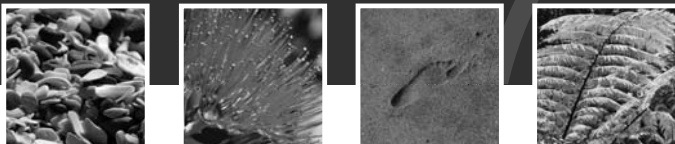
The members of the Committee have signed a Tūtohunga (Memorandum of Understanding) with the Council. The essence of the Tūtohunga is to formalise the commitment of Iwi and the Council to work together in good faith and gain an understanding and respect for one another's needs. The Tūtohunga is a living document, and will be reviewed after each local body election.

2.6 Hui on Marae

The committee aims to meet on Marae four times per year. This enables hapu to raise issues directly with the committee and the Council, and for different hapu to host the committee, councillors and staff. This also brings Council and staff into contact with different tikanga and kawa and improves knowledge of cultural protocols in the District.

2.7 Training for iwi representatives

Iwi members are offered training in local government processes and legislation. This enables iwi representatives to understand the framework that the Council is working within. Training is offered in relation



to the Local Government Act 2002 and the Resource Management Act 1991, and opportunities arise for further training as legislation is reviewed or other reviews occur.

3.0 CONSULTATION POLICY

A Consultation with Māori/Whanau/Hapu/Iwi Policy has been developed to provide clarity for the Council and Māori on good practice consultation to ensure it is an effective process. It distinguishes between Māori structures of whanau, hapu, Iwi and taurahere and how consultation with each can be different. The policy is to facilitate Māori engagement in Council decision making and to ensure legislative requirements are met.

The policy recognises obligations under the Local Government Act 2002 to take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wahi tapu, valued flora and fauna, and other taonga, when making decisions.

The policy also focuses on the processes for consultation under the Resource Management Act 1991 in respect to resource consent applications and District Plan development.

4.0 CULTURAL PROTOCOLS

The Council is committed to increasing awareness and practice of Māori cultural protocols. It has written cultural protocols for powhiri (formal welcome) and mihi whakatau (semi formal welcome), tangihanga (bereavement/lying in state), blessings and whakawaatea (removal of tapu). The protocols are not only used for Council events they also educate councillors and staff about cultural protocols they will encounter when attending events hosted on Marae. The protocols also outline the koha policy of the Council

5.0 RESOURCE CONSENTS

The Council follows best practice to encourage early consultation with iwi and hapu to determine the effects of proposed projects on Māori, and their culture and traditions. While the Resource Management Act 1991 does not require consultation with iwi for resource consent applications, the Council has an obligation to consider potentially affected parties when a consent application is lodged. In a district with such diverse Māori history, consultation with iwi or hapu is important to clearly identify the impacts on cultural values.

The settlement of Treaty claims is leading to statutory acknowledgements being formalised through settlement acts. The Council must consider the effects of an application in, adjacent to, or directly affecting a statutory acknowledgment area.

These processes enable Māori to be involved in finalising an application and/or the decision making process as a submitter.

The Council will continue to work with Māori to identify the types of applications that need iwi or hapu input, and in what locations.

6.0 COUNCIL POLICIES AND PROJECTS

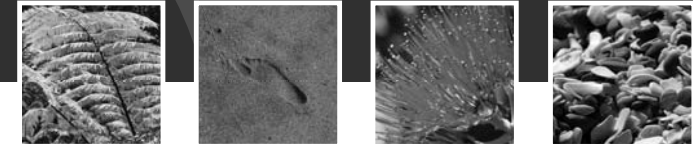
The Council undertakes many capital works projects each year, and develops strategic plans and policies. The Council relies on the Iwi Liaison Committee in the first instance, as a sounding board for what their respective iwi may think about a project or an issue and what further consultation is deemed necessary for the projects and policies planned each year.

The Council is committed to meaningful and ongoing consultation in advance of projects commencing. It will achieve this by providing the planned (capital expenditure) programme to the Iwi Liaison Committee

at the start of each financial year. The intention would be for Iwi Liaison Committee members to identify, after consultation with their Iwi and hapu, the projects that require further discussion. That further discussion is likely to be at hapu level, and follow the procedure identified in the consultation policy. The Council is aware that iwi and hapu have an interest in activities in particular rohe or that involve earthworks, gravel extraction, discharges to land, air or water, or involve works near known wahi tapu sites or within statutory acknowledgement areas.

7.0 MĀORI TRUSTEE TRAINING

Toi EDA offers, through the Eastern Bay of Plenty Enterprise Training programme funded from New Zealand Trade and Enterprise, free courses for Māori Trustee training. It provides training to trustees of Māori land to better understand their role and responsibilities. These courses have proved to be very popular, and are held in various locations as appropriate, including Marae. Funding availability limits the number of courses that can be run each year.



SUMMARY OF THE WASTE MANAGEMENT PLAN

The Whakatane District Council's underlying vision for waste management is that of "Zero Waste". The wellbeing of the community as a whole will remain the focus of the waste management philosophies of the Council.

This is effectively reducing production of waste materials at source and maximising the recovery of materials through recycling and reprocessing. This progressively works to reduce residual waste requiring disposal to a minimum and eventually near zero. This vision provides the framework upon which to plan and implement the waste management activities included within this plan.

Achievement of these goals will help to ensure sustainable development within the District.

The Council has, with the adoption of the revised Whakatane District Council Waste Management Plan (April 2002) integrated the principles of the New Zealand Waste Strategy in its waste management policies. The plan now incorporates objectives for the management of trade, sewer, stormwater and gaseous waste.

The Waste Management Plan sets out steps necessary for the Council to achieve goals identified in the plan. Included are measurable targets which critically evaluate both the effectiveness and community benefits of the policies.

Through the use of services and facilities it controls, the Council provides mechanisms for achieving goals identified in the Waste Management Plan.

The year 2006 saw several key actions undertaken by the Council in support of the Waste Management Plan. The Recycling Park opened at Te Tahi Street in April 2006. The Recycling Park operates in parallel with the Whakatane landfill to provide facilities to sort the waste stream and extract increasing quantities of materials for re-use and recycling.

Ongoing development of both the Te Tahi Street facility and the Murupara resource recovery centre site which opened in April 2006 will provide improved efficiency in waste management and maximise the ability to achieve Council's zero waste goals. Introduction of the kerbside 60 litre crate recycling service and the 240litre fortnightly greenwaste collection in June 2006 greatly increased the quantities of materials being diverted from landfill.

Stormwater, sewerage and trade waste services shall be monitored, assessed and modified as necessary, in line with community needs and legislative requirements.

Education has been recognised as an essential element in the success of the Waste Management Plan and the Council shall promote through education:

- waste avoidance and reduction,
- recycling,
- re-use,
- composting,
- vermiculture.

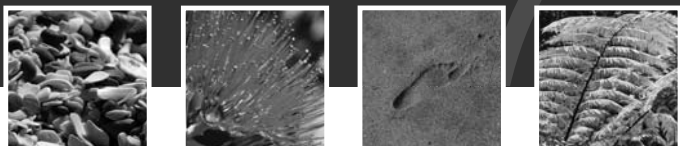
The Council actively supports education and waste audit programmes targeting schools and local businesses.

Passage of the Waste Minimisation Act 2008 (WMA) and the pending revision of the targets in the New Zealand Waste Strategy will provide further impetus to the Council's waste reduction programmes.

Introduction of the waste levy under the WMA will increase the cost of disposal and also make funds available specifically for waste minimisation initiatives. Introduction of product stewardship schemes under the WMA will increase the range and quantities of materials able to be diverted. A consequence will be increased pressure for the Council to provide space at its resource recovery centres.

While the WMA does not require the Waste Management Plan to be revised until 2012, the Council will undertake a revision of the plan by April 2009. This will be done to firstly document the substantial changes made since 2002 and also to position the Council to take full advantage of the waste levy revenue. Policy amendments, if any, will incorporate central government legislation, community needs and aspirations (identified through consultation), environmental outcomes and economic sustainability.

The Waste Management Plan sets out targets for the Council to achieve its Zero Waste objectives by June 2015. These targets are reflected in the Council's levels of service for solid waste and the associated budgets. As such, there is no significant variation between the Waste Management Plan and the costs for the solid waste activity included in this plan.



SUMMARY OF THE ASSESSMENT OF WATER AND SANITARY SERVICES

The following tables summarise the Council's updated Water and Sanitary Report which was originally adopted by the Council in June 2005.

Copies of the full assessment are available at the Council libraries.

General across all supplies

Water supply	Public Health Risk Management Plans (PHRMPs) have been prepared for all water schemes. Repairs and maintenance procedures manual needs updating.
Wastewater	Develop and implement plans for communicating with residents when emergencies occur. Assess reported odour problems.

Whakatane

Water Supply	Water network model has been built for Whakatane and Ohope. Continue replacement of pipes which have reached the end of their economic life.
Wastewater	Wastewater network model has been built for Whakatane. On-going replacement of concrete pipes.

Stormwater	Network modelling has been completed. Investigate options to minimise the flooding risk from Wainui Te Whara Stream.
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Ohope

Water supply	No health risks identified for Ohope water supply.
Wastewater	A network model has been built. Assess options for effluent disposal
Stormwater	Ongoing maintenance of stream channels.

Taneatua

Water supply	Continue programmed reticulation upgrades. Implement protozoa treatment as recommended in PHRMP.
Wastewater	Continue routine maintenance.
Stormwater	Regular maintenance of pipes and cesspits.

Te Teko

Water supply	See comments under Plains water supply.
Wastewater	Progress Sanitary Works Subsidy Scheme (SWSS) application for reticulated scheme subject to community approval.
Stormwater	Routine maintenance.

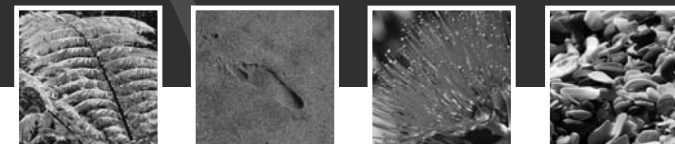
Te Mahoe

Water supply	Upgrade the reticulation pipe system.
Wastewater	In good condition, minor treatment repairs required.
Stormwater	Existing service adequate.

Matata

Water supply	Implement protozoa treatment as recommended in PHRMP. Review peak summer demands.
Wastewater	Progress Sanitary Works Subsidy Scheme (SWSS) application for reticulated scheme subject to community approval.
Stormwater	Ongoing routine maintenance works.

SUMMARY OF THE ASSESSMENT OF WATER AND SANITARY SERVICES



Edgecumbe

Water supply	See comments under Plains water supply
Wastewater	Continue work to control infiltration to sewers and reduce overflows at pump stations. Upgrade ponds as required.
Stormwater	Flooding problems in Edgecumbe. Work with Environment Bay of Plenty to improve overall level of flood protection.

Ruatoki

Water supply	Further investigate water supply source and storage facility to meet future demands. Investigate the replacement of B Class PVC pipelines to meet peak operational pressures.
Wastewater	Wastewater reticulation not proposed. Provide support and education on care and maintenance of septic tank systems.
Stormwater	No reticulated stormwater service required.

Murupara

Water supply	Investigate and assess all existing below ground infrastructure.
Wastewater	Reticulated service adequate, maintain as required.
Stormwater	Reticulated service adequate, maintain as required.

Waimana

Water supply	Implement protozoa treatment as recommended in PHRMP.
Wastewater	Provide support and education on care and maintenance of septic tank systems.
Stormwater	Reticulated service adequate, maintain as required.

Ruatahuna

Water supply	Provide support and education on care and maintenance of septic tank systems.
Wastewater	Provide support and education on care and maintenance of septic tank systems.
Stormwater	No reticulated stormwater service required.

Galatea

Water supply	Provide support and education on care and maintenance of septic tanks.
Wastewater	Provide support and education on care and maintenance of septic tanks.
Stormwater	No reticulated service.

Plains water supply area

Water supply	Investigate and commission alternative sources or treatment to resolve the arsenic problem. Identify treatment requirements for protozoa removal.
Wastewater	Provide support and education on care and maintenance of septic tanks.
Stormwater	No reticulated service.

Rural areas (without reticulated water and/or sewerage)

Outside of reticulated communities listed above, many households and marae in rural areas rely upon water sources (shallow bores, springs, streams or roof water) and on-site wastewater disposal by septic tanks. Untreated water and failed onsite systems are a health risk. Education on good maintenance practice for domestic water supplies and septic tank systems is recommended.

Public toilets

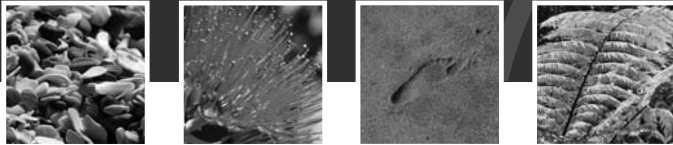
Existing facilities adequate. Provide additional facilities in response to proven demand and community resources.

Cemeteries and Crematoria

Cemetery space adequate. Review options for provision of crematoria.

Effluent disposal (campervans etc)

Existing facilities adequate.



LAND TRANSPORT PROGRAMME

INTRODUCTION

The Land Transport Management Act 2003 requires the preparation of Regional Land Transport Programmes (RLTPs) every three financial years.

These programmes collate and prioritise the planned land transport activities across the region including those proposed by Local Authorities and the New Zealand Transport Authority (NZTA).

Activities in the Land Transport Programme include:

- walking and cycling projects,
- transport planning,
- public transport operations,
- demand management and community programmes,
- maintenance and improvement of local roads,
- maintenance and improvement of state highways,
- road safety projects.

The programme prioritises projects across the region and identifies the land transport activities that are to receive funding assistance from the National Land Transport Fund.

THE BAY OF PLENTY LAND TRANSPORT PROGRAMME

The Bay of Plenty Land Transport Programme sets out the regional priorities for the next three years and includes prioritisation of activities and projects for the Whakatane District.

The programme is overseen by the Bay of Plenty Regional Transport Committee. This committee is a regional governance body made up of representatives of the regional council, the region's district and city councils, the New Zealand Transport Agency, a person to represent cultural interests, and people drawn from the wider community to represent the New Zealand Transport Strategy's five objectives. These are economic development, safety and personal security, public health, access and mobility and environmental sustainability.

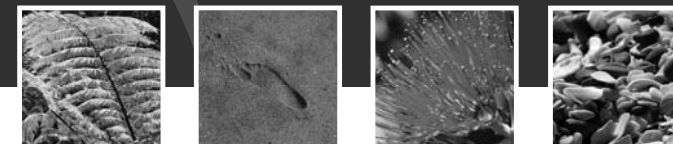
The Regional Transport Committee consulted on the Bay of Plenty Land Transport Programme between 30 March 2009 and 30 April 2009. To request a copy of the Regional Land Transport Programme contact Environment Bay of Plenty 0800 ENV BOP (368 267).

WHAKATANE DISTRICT LAND TRANSPORT ACTIVITIES

The Land Transport Programme activities specific to the Whakatane District are included in the table located on the next page.

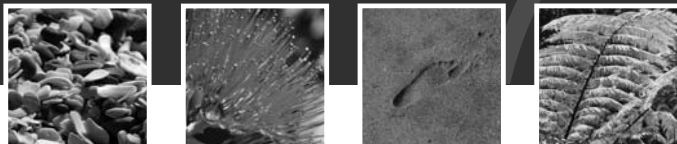
The table contains programme expenditure projections for the period 2009-19 and indicates the activities that will receive financial assistance from the National Land Transport Fund. This fund is provided by NZTA and includes subsidises for road maintenance and construction work at 43% and 53% respectively.

The figures in the table are adjusted for inflation using Berl adjustors.



WHAKATANE DISTRICT LAND TRANSPORT PROGRAMME SUMMARY OF EXPENDITURE

ACTIVITY	EXPENDITURE AND (INCOME)										
	2009/10 \$	2010/11 \$	2011/12 \$	2012/13 \$	2013/14 \$	2014/15 \$	2015/16 \$	2016/17 \$	2017/18 \$	2018/19 \$	TOTAL \$
LOCAL ROADS											
Maintenance & Operations	3,876,100	4,117,200	4,122,200	4,237,000	4,337,000	4,440,000	4,548,000	4,656,000	4,772,000	4,887,000	43,992,500
Renewals	3,414,000	5,138,000	4,501,000	4,627,000	4,738,000	4,853,000	4,970,000	5,088,000	5,215,000	5,340,000	47,884,000
Improvements / New Works	928,000	2,975,000	2,022,000	6,553,000	3,800,000	4,988,000	22,319,000	16,720,000	4,224,000	10,574,000	75,103,000
Transport Planning (Strategies and Studies)	50,000	150,000	0	115,000	0	0	123,000	0	0	0	438,000
Active Transport & Road Safety	552,000	627,700	711,800	732,500	749,900	767,200	784,100	802,200	821,500	841,100	7,390,000
Walking & Cycling	929,000	1,454,000	371,000	380,000	390,000	400,000	408,000	418,000	428,000	438,000	5,616,000
TOTAL WORKS (Local Roads)	9,749,100	14,461,900	11,728,000	16,644,500	14,014,900	15,448,200	33,152,100	27,684,200	15,460,500	22,080,100	180,423,500
NZTA Financial assistance (Local Roads)	0	0	0	0	0	0	0	0	0	0	0
NZTA Admin support (Local Roads)	0	0	0	0	0	0	0	0	0	0	0
SPECIAL PURPOSE ROADS											
Maintenance & Operations	454,000	481,000	483,000	497,000	510,000	523,000	536,000	550,000	564,000	578,000	5,176,000
Renewals	918,000	1,004,000	727,000	748,000	766,000	784,000	803,000	822,000	843,000	864,000	8,279,000
Improvements / New Works	108,000	118,000	95,000	100,000	102,000	105,000	107,000	110,000	113,000	115,000	1,073,000
TOTAL WORKS (Special Purpose Roads)	1,480,000	1,603,000	1,305,000	1,345,000	1,378,000	1,412,000	1,446,000	1,482,000	1,520,000	1,557,000	14,528,000
NZTA Financial assistance (Special Purpose Roads)	0	0	0	0	0	0	0	0	0	0	0
NZTA Admin support (Special Purpose Roads)	0	0	0	0	0	0	0	0	0	0	0
TOTAL											
TOTAL WORKS	11,229,100	16,064,900	13,033,000	17,989,500	15,392,900	16,860,200	34,598,100	29,166,200	16,980,500	23,637,100	194,951,500
TOTAL NZTA Financial assistance	0	0	0	0	0	0	0	0	0	0	0
TOTAL NZTA Admin Support	0	0	0	0	0	0	0	0	0	0	0



LTCCP AMENDMENTS

INTRODUCTION

Every three years, we publish a Long-Term Council Community Plan (LTCCP) setting out our intentions for the ten years ahead – what we'll do, how we'll do it, how much we'll spend, who will pay, the levels of service we'll provide, and how we'll measure the quality and effectiveness of our work. Our current LTCCP was published in 2009 and covers the period 2009-19.

In each of the two years between LTCCPs, we produce an Annual Plan. The Annual Plan takes a fresh look at our work programme for the year ahead and considers whether any changes are needed from the LTCCP – such as revisions to our budgets or adjustments to the work programme to help deal with issues or challenges facing the district.

An Annual Plan may vary from what was planned for the correlating year in the LTCCP, but where variations are significant the Council is required to amend the LTCCP.

LTCCP AMENDMENTS CONSULTED ON WITH THE ANNUAL PLAN 2010/11

The development of the Draft Annual Plan 2010/11 led the Council to consider making amendments to the financial policies in the LTCCP.

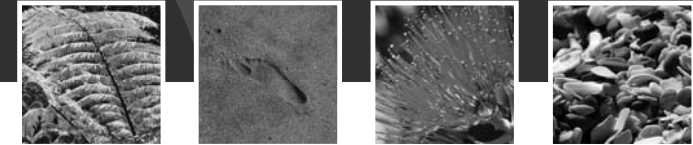
The proposed amendments were consulted on as part of the Draft Annual Plan and include the following:

Implementation of rating on the basis of Separately Used and Inhabited Parts of a rating unit (SUIPs) including:

Introduction of a definition of SUIPs in the Funding Impact Statement

Introduction of a new Rates Remission Policy for SUIPs

Changes to Debt Maturity Limits in the Liability Management Policy.



IMPLEMENTING SUIPS: AMENDMENT TO THE FUNDING IMPACT STATEMENT

BACKGROUND

Alongside the development of the Draft Annual Plan the Council proposed to progressively implement a rating system on the basis of Separately Used and Inhabited Parts of a rating unit (SUIPs).

The Council undertook a rating review in 2008 to coincide with the 2009-2019 Draft LTCCP. During this process the Council indicated it wished to consult on a rating system based on a fixed amount per SUIP.

Through the Draft LTCCP consultation process in 2009, the Council received many submissions which highlighted the need for further definition and clarification to enable the adoption of rating using SUIPs. As a result, the Council resolved to consider SUIPs during the 2010/11 Annual Plan consultation process.

Through the Draft Annual Plan 2010/11 the Council proposed a staggered implementation of a SUIPs rating system including the implementation of SUIPs for commercial properties in the 2010/11 rating year, with residential and rural properties in the 2011/12 rating year. Commercial/residential/rural properties would be charged the UAGC and roading UAC, and commercial properties would also attract the promotion and development rate in the SUIP calculation.

The proposal in the Draft Annual Plan also included a rates remission policy for residential and rural SUIPs but deferred the introduction of a remission policy for papakainga SUIPs to be considered during the 2011/12 Annual Plan consultation process.

COUNCIL'S DECISION

During the consultation period the Council received a number of submissions on the proposal to implement SUIPs. Following consideration of submissions the Council has decided to apply SUIPs to commercial

properties in the 2010/11 rating year. The Council has resolved the following:

THAT the Council introduces Separately Used and Inhabited Parts of a rating unit (SUIPs) for commercial properties in the 2010/11 rating year, charging the UAGC, roading UAC and promotion and development rate in the SUIP calculation.

THAT in principle, the Council introduces SUIPs for residential and rural properties in the 2011/12 rating year charging the UAGC and roading UAC - subject to further investigation and consideration during the 2011/12 Annual Plan consultation process.

THAT the Council defer the introduction of rates remission policies for residential, rural and papakainga SUIPs to be considered during the 2011/12 Annual Plan consultation process.

REASON FOR THE DECISION

This decision to implement SUIPs on commercial properties recognises that the use of SUIPs as a basis for rating provides the Council with an increased ability to apply the principles of the Revenue and Financing Policy. In particular "where services and the users of those services can be clearly defined, the users should contribute towards the cost of providing those services in proportion to their level of use".

Many of Council's costs are driven by individual users rather than by properties. Defining multiple users of services on one rateable property and rating them for the services they use, allows for a fairer apportionment of the costs according to Council's funding philosophy.

During deliberations the Council also recognised the impact this decision would have in terms of affordability, in particular on smaller businesses. The implementation of SUIPs follows changes made to the rating differential

through the LTCCP 2009-19, which saw substantial reductions in rates for commercial properties. The decision to apply SUIPs to commercial properties was seen by the Council to rebalance the allocation of the rating requirement.

The Council has yet to decide whether to apply SUIPs to residential and rural properties in the 2011/12 rating year and will consult further on this issue during the draft Annual Plan 2011/12 together with any rates remission policies for SUIPs.

WHAT DOES THIS DECISION MEAN

Commercial SUIPs

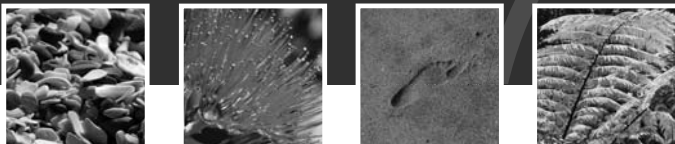
The Council will implement SUIPs for commercial properties in the 2010/11 rating year charging the UAGC at \$275, Roading UAC at \$50 and promotion and development rate at \$160.19 in the SUIP calculation.

For example, currently a commercial building on a single title with three shop leases would pay a single UAGC, a single Roading UAC and a single promotion and development rate, included as part of the rates levied against the property. Under the SUIPs system, each of the three parts of the same property would attract these charges ($\$485.19 \times 3 = \1455.57).

Under this system there will not be an increase in the level of rating income - instead these rates will be collected from more properties and therefore reduces the amount levied against each property on average. To achieve this the rating income gained through SUIPs will be offset, as follows:

Any additional revenue taken by way of the UAGC will be offset against the general rate.

Any additional revenue taken by way of the Roading UAC will be offset against the roading targeted rate.



The level of revenue required from the promotion and development rate will be divided among the number of SUIPs charged.

Residential and Rural SUIPs

The Council has made an in-principle decision to implement Rural and Residential SUIPs in the 2011/12 year subject to further investigation and consideration during the 2011/12 Annual Plan consultation process.

This means that the proposal will be reviewed with consideration given to concerns raised by submitters during consultation on the Draft Annual Plan 2010/11.

This also means that the community will have the opportunity to submit on the proposal through the next Annual Plan consultation process before any final decision is made by the Council.

SUIPs Rates Remission Policies

With the Council's decision to reconsider the implementation of SUIPs for residential and rural properties during the 2011/12 Annual Plan process, the amendment to introduce a rural and residential SUIPs rate remission policy has been deferred.

The Council will revise the rates remission policy for residential and rural SUIPs, and develop a rates remission policy for papakainga SUIPs during the 2010/11 year. These will be brought back for consideration during the Annual Plan 2011/12 consultation process.

The purpose of these policies will be to ensure that the new rating system does not unfairly burden ratepayers who are unlikely to be placing additional demands on Council resources and services.

AMENDED PARTS OF THE LTCCP

Definition of SUIPs

In order to implement a rating system on the basis of

SUIPs the Council has amended its Funding Impact Statement in the LTCCP 2009-19, Volume Two (Policies), page 19, by including the following definition of SUIPs:

“Separately used or inhabited part” includes any part of a rating unit separately occupied by the owner or any other person who has the right to occupy that part by virtue of a tenancy, lease, licence or other agreement.

The Council further defines Commercial, rating units as follows:

Commercial SUIPs

For a commercial rating unit, a SUIP is a building or part of a building that is, or intended to be, or is able to be, separately tenanted, leased or subleased for commercial purposes.

In a commercial/industrial situation a separately useable or habitable part will be classified where the property has been set-up to accommodate, or is accommodating, separate lessees, tenants, or the like, operating separate businesses from the same rating unit. Separate units made available for the travelling public are not considered to be separately used for the purposes of a rating unit unless they are made available for term (more than six months) rental.

CONSEQUENTIAL IMPACTS

As a result of the decision to implement a rating system on the basis of SUIPs there will be no further material impacts on, or amendments to, other policies or proposals in the 2009-19 LTCCP.

ADDITIONAL INFORMATION: CRITERIA FOR ESTABLISHMENT OF A SUIP

To facilitate the interpretation of the definition of a SUIP, the Council have some additional criteria for information purposes only. The criteria allows Council to clearly indicate to ratepayers whether or not their property falls into the SUIP classification.

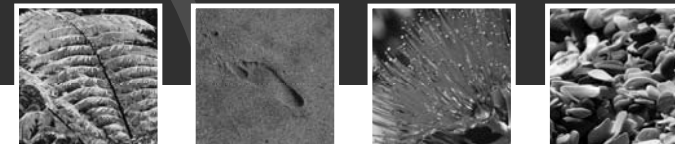
Commercial Criteria

- Where a building or resource consent allows for a separate operation
- Would be captured as a separate unit under the provisions of the Council's Development Contributions Policy
- Able to be accessed independently of any other unit
- Includes offices that have shared facilities
- Excludes all accommodation establishments for the travelling public, including motels, hotels, camping grounds and backpacker lodges
- Offers non-transient accommodation or term lease

These definitions and criteria will guide in application of the SUIP policy and provide the ability to more clearly assess for a multiple SUIP, where the initial assessment is in dispute.

Not all properties identified as having multiple SUIPs will be able to be classified according to the above criteria and definitions. As such, some site visits will still be required to determine the rating status of the property.

Criteria for the establishment of rural and residential SUIPs will be added if and when the Council implement rural and residential SUIPs following consideration during the 2011/12 Annual Plan consultation process.



LOAN MATURITY LIMITS: AMENDMENT TO THE LIABILITY MANAGEMENT POLICY

BACKGROUND

Alongside the development of the Draft Annual Plan the Council proposed an amendment to the LTCCP to change the maturity limits for loans and committed facilities within the Council's Liability Management Policy.

The Council's policy for the maturity period of all loans and committed facilities is outlined in section 2.0(d) of the Liability Management Policy.

This policy indicated that between 20% to 60% of all loans and committed facilities should mature within a period of 0-3 years. The policy specified that the Council's debt maturity schedule could operate outside these limits, but it must be by Council approval.

Under these circumstances the Council has been in breach of the Policy limits for almost two years, with Council approval. This has allowed the Council to take advantage of favourable short term borrowing facilities.

Through the Draft Annual Plan the Council proposed to change the maturity limits to allow greater flexibility with the use of borrowings facilities.

COUNCIL'S DECISION

During the consultation period the Council received independent professional advice endorsing the amendment. Following consideration of this information during the deliberations process the Council resolved the following:

THAT the Council proceed with the amendment to the Liability Management Policy within the LTCCP – increasing the maximum percentage for the debt maturity period of 0-3 years from 60% to 80%.

REASONS FOR THE DECISION

The changes to the Liability Management Policy allow the Council the flexibility to take greater advantage of short term borrowing facilities. While this carries more risk there are potential gains to be made in terms of savings in interest costs.

The Council recognised that the limits contained with the Liability Management Policy for the maturity spreading of the committed facilities have been consistently breached for almost two years and that while these breaches have been advantageous to the Council, the Council wished to move towards policy compliance.

AMENDED PARTS OF THE LTCCP

The Council has amended the Liability Management Policy in the LTCCP 2009-19, Volume Two (Policies), page 32.

Section 2.0(d) of the Liability Management Policy entitled Liquidity and Credit Risk Management includes a table outlining the minimum and maximum maturity limits for maturity periods.

Under the "0 to 3 years" period the maximum limit has been increased from 60% to 80% with no change to the other minimum or maximum percentages.

CONSEQUENTIAL IMPACTS

As a result of this amendment there will be no further material impacts on, or amendments to, other policies or proposals in the 2009-19 LTCCP.