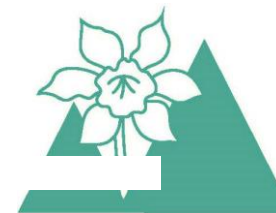




Appendix A

Funding and financial policies



Introduction to funding and financial policies

The Council has a number of funding and financial policies that affect the Plan. These policies are required by the Local Government Act 2002.

Revenue and financing policy

The revenue and financing policy summarises how activities undertaken by the Council are funded. The aim is to achieve the fairest funding mix for the community as a whole.

Investment policy

The investment policy sets out the Council's policy in respect to investments. It includes the Council's general objectives of holding investments and for holding equity. The Council gives preference to conservative investment policies and avoids speculative investments. The Council accepts that lower risk generally means lower returns on investment.

Liability management policy

The liability management policy outlines the Council's approach to borrowing, cash management and other financial liabilities. It includes the Council's policy on giving security on borrowings.

Development contributions or financial contributions policy

This policy describes the financial contributions the Council will require from developers when their property development imposes increased demand on Council services.

Remission and postponement of rates policies

These policies provide for those circumstances where there is legitimate case for some rates to be reduced, or for the payment to be deferred, and include a specific policy on the remission and postponement of rates on Māori freehold land that is not alienated by commercial activity.

Significance and engagement policy

The decisions the Council makes affect its communities on a daily basis. Some decisions have greater significance than others.

The Significance and Engagement Policy explains how the Council will determine the degree of significance of particular issues, proposals, assets, decisions, and activities.

It lets both the Council and the community understand when the community can expect to be engaged in the Council's decision-making processes, and to know how this engagement is likely to take place.



Revenue and financing policy

Introduction

This revenue and financing policy summarises the funding of activities undertaken by the Council, with a view to achieving the fairest funding mix for the community as a whole. Section 103 of the Local Government Act 2002 ('the Act') requires a local authority to have a revenue and financing policy that demonstrates how operating expenditure and capital expenditure are funded.

Legislative requirements

Section 103 of the Act requires the Council to:

- state the Council's policies in respect of funding operating expenses
- state the Council's policies in respect of funding capital expenditure
- state the Council's policy for general rates, including the choice of valuation system, and the use of differentials and uniform annual general charges
- show how the funding mechanisms chosen comply with section 101(3) of the Act.

Section 101 of the Act requires the Council to:

- manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community
- make adequate and effective provision in its long term plan and in its annual plan to meet the expenditure needs identified in the long term plan and annual plan
- meet its funding needs from those sources that it determines to be appropriate, following consideration of the:
 - community outcomes to which the activity primarily contributes
 - distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
 - period in or over which those benefits are expected to occur
 - extent to which the action or inaction of particular individuals or a group contributes to the need to undertake the activity
 - costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities

- 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.

How the Council decides to fund its activities

Councils are required to have a revenue and financing policy to show who pays for the services it provides, and why. The principles relating to this are outlined above. When determining how to fund an activity the council considers, among other things, who benefits from the activity. This is done by considering the private and public benefits of an activity.

Private benefits

Some services are provided to distinct groups of properties within the service or contract areas. The prominent services under this heading are:

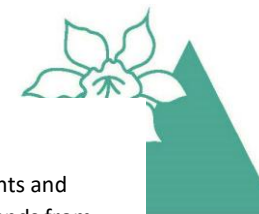
- sewerage and the treatment and disposal of sewage
- stormwater drainage
- waste management
- water supply.

The costs of these services are generally shared among the ratepayers who either have access to or use these services. These are called private benefits.

Public benefits

More difficult to determine are the beneficiaries of other Council services such as:

- cemeteries
- governance (the cost of running the Council and its committees)
- social and economic development
- Events Centre
- parks and reserves
- public toilets
- roads and footpaths.



Control of negative effects

The Council may incur expenditure to protect the community from actual or potential problems. Wherever possible the cost of this will be passed on to those persons who cause the negative effect. Dog control and noise control are examples where the Council will endeavour to pass on expenditure through fines and penalties.

Funding of operating expenditure

The funding for operating expenditure will come from the following sources:

General rates

Funding from general rates is applied to those activities where it has been deemed that there is a general district-wide benefit to providing the service. The general rate is to be based on the capital value of each rating unit in the District, and will be set on a differential basis over three rating categories—residential, commercial, and rural.

Uniform Annual General Charge (UAGC)

A UAGC is a rate of a uniform amount assessed on each rating unit. The Council endeavours to use the UAGC for services that have a roughly equal value of public benefit to each ratepayer.

Targeted rates

Funding from targeted rates is applied to specific activities where it has been deemed that there is a direct benefit to those ratepayers receiving a particular service, eg water and wastewater services.

Fees and charges

Where the Council has deemed there is a direct or partial benefit to the end user, eg building control and resource consents. For activities where enforcement action is necessary the 'exacerbator pays' principle applies where practicable.

Other sources

There are other sources of funding for operating expenditure. These include grants and subsidies, the majority of which are from the NZTA, as well as interest and dividends from investments, proceeds from the sale of assets, and donations.

Section 100 of the Act requires that the Council set operating revenue at such a level as to meet the year's operating expenditure. The Council may choose to not fully fund operating expenditure in any particular year if the deficit can be funded from operating surpluses from the immediately preceding year or subsequent years. An operating deficit will only be budgeted for when it is beneficial to avoid significant fluctuations in rates, fees or charges.

Funding of capital expenditure

Capital expenditure relates to the purchase of new assets, the replacement and renewal of existing assets, and the repayment of loan principal.

The funding for capital expenditure will generally come from depreciation reserves, subdivision financial contributions, borrowing, or a combination. Targeted rates may also fund some of the loan principal repayments for community support, water supply, stormwater drainage, sewerage and the treatment and disposal of sewage, waste management, and regulatory and planning services.

One of the considerations in relation to the funding of activities is 'the period in or over which the benefits are expected to occur' [Section 101(3)(a)(iii)]. The principle is that if the Council provides a new asset or renews an existing asset (such as a new sewerage treatment system) the cost of providing that asset should be spread over its life, so that all who benefit from it pay for its cost. This is described as 'inter-generational equity'. This is achieved by borrowing for the cost of the asset and repaying the loan over the life of the asset, thus spreading the capital cost over the life of the asset.

Borrowing is managed within the framework specified in the liability management policy.

The Council's overall borrowing requirement is reduced to the extent that other funds are available to fund capital expenditure. Such other funds include:

- Council special fund reserves
- development contributions and financial contributions under the Resource Management Act 1991 (criteria are set out in the Wairarapa District Plan)



- annual revenue collected to cover depreciation charges
- proceeds from the sale of assets
- grants and subsidies
- donations.

Groups of activities

The following sections outline the Council's revenue and financing policy for each group of activities of the Council's operations:

- governance
- community support
- regulatory and planning
- roads and footpaths
- sewerage and the treatment and disposal
- stormwater drainage
- waste management
- water supply.

Governance

Description

- Reflects the cost of democracy associated with elected members and meetings including the cost of administration services to elected members and meetings.
- The function includes election and operating costs of the Council, standing committees and advisory groups. The costs include the holding of regular meetings and the preparation and consideration of reports for policy development, resource allocation and performance monitoring. Also the costs of general services provided for the public benefit including records preservation and costs associated with representing the interests of residents and ratepayers.

Distribution of Benefits

- Benefits the district as a whole.

Funding Mechanism

- 100 percent Uniform Annual General Charge

Community support

Description

Community development

- Promotion of economic growth and tourism potential in the district.
- Provision of funds to actively promote health, cultural and community development initiatives in the Carterton district.

Parks and reserves

- Active promotion of the use of recreational facilities by providing parks and reserves for community use.
- Management of the Kaipaitangata forest and of miscellaneous small roadside blocks in the Admiral/Clifton Grove area.

Community amenities

- A multi-purpose Events Centre that is vibrant, welcoming, and the heart of the community for cultural and social services.
- An efficient and effective library service that will meet the recreational, educational and information needs of the residents of Carterton.
- A cemetery that meets the needs of the people of the district and maintains the dignity of a last resting place.
- An outdoor swimming complex during the summer months to meet the recreational needs of the general public.
- Clean and tidy public toilets for the general public.
- A clean and tidy holiday park to attract visitors to the district.



Distribution of benefits

Community development

- Benefits to the district are related to the economic, social and cultural well-being of the community.
- Benefits the district as a whole.

Parks and reserves

- Benefits to the district are related to the recreational and aesthetic value of having attractive open spaces available for residents and visitors to the district.
- Proceeds from the sale of timber after costs of replanting and loan repayments will be used for any other purpose as resolved by the Council for the benefit of the district as a whole.

Community amenities

- Benefits to the district are related to the health of the district's community and the general welfare of the community.

Funding mechanisms for operating expenditure

Community development

After taking into account income received, the balance of funding required for this activity is funded as follows:

- 100 percent Uniform Annual General Charge

Parks and reserves

After taking into account income received the balance of funding required for this activity is funded as follows:

- 70 percent Uniform Annual General Charge
- 30 percent General Rates

If overall Uniform Annual General Charge exceeds the statutory limit, then increase General

Rates for parks and reserves first, then increase General Rates for community amenities.

Community amenities

The district as a whole benefits from the provision of these community amenities. After taking into account income received the balance of funds required to operate the community amenities is funded as follows:

- Uniform Annual General Charge, up to the statutory limit

If overall Uniform Annual General Charge exceeds the statutory limit, then increase General Rates for parks and reserves first, then increase General Rates for community amenities.

Regulatory and planning

Description

- Undertaking environmental, land use and development controls and monitoring within the district in accordance with the Resource Management Act and the District Plan.
- Maintenance and development of the Council's Geographic Information System.
- Provision of environmental health services, building control, liquor licensing, civil defence/emergency management, animal and dog control and rural fire control in compliance with the relevant legislation, regulations and bylaws in the interests of the health, safety and general welfare of residents of the district and the public in general.

Distribution of benefits

- Benefits to the district are related to the public health, safety and welfare of the community. These activities substantially benefit the district as a whole.
- There are benefits to individuals for some activities.

Funding mechanisms for operating expenditure

After taking into account income received the balance of funds required for this activity is funded as follows:

- 100 percent Targeted Rates for resource management and planning



- 100 percent General Rates for environmental health services, building control, liquor licensing, and other regulatory services

Roads and footpaths

Description

- Development and maintenance of roads, streets, footpaths and associated infrastructure.
- Promotion of policies and allocation of resources and achievement of a safe efficient land transport system that maximises local safety, economic and social benefits in partnership with NZTA.

Distribution of benefits

- Benefits to the district relating to the general availability of the roading system for public good.
- Benefits to individual users and properties at the end of rural roads, access for forestry operations, use of roads by heavy carriers, tankers and trucks.

Funding mechanisms for operating expenditure

After taking into account income received (Land Transport Subsidy) the balance of funding required for this activity is funded as follows:

- 100 percent general rates

Sewerage and the treatment and disposal of sewage

Description

- Providing the residents of the Carterton urban area, limited adjacent rural areas where access is available, and Waingawa industrial zone with a high quality and efficient sewerage system that will satisfy the needs of domestic, commercial, and industrial users.

Distribution of benefits

- Benefits to the district are related to the public health of the community.

- Benefits to the individual property owners is access to the sewerage system. This activity is substantially a private benefit to users.

Funding mechanisms for operating expenditure

After taking into account income received, the balance of funding required for this activity is funded as follows:

- 10 percent General Rates
- 90 percent Targeted Rates

Stormwater drainage

Description

- Providing the residents and ratepayers of the Carterton urban area with an efficient stormwater drainage system that will satisfy the needs of domestic, commercial and industrial users.

Distribution of benefits

- Benefits to the district are related to the protection of infrastructural assets of the district, providing safe access to the public and maintaining public health.
- Benefit to the individual property owner is that stormwater drainage is available to private properties. This activity is substantially a private benefit to users.

Funding mechanisms for operating expenditure

- 10 percent General Rates
- 90 percent Targeted Rates

Waste management

Description

- Provision of a contracted refuse and recycling collection and disposal service for urban households and some commercial properties and a disposal service for delivered solid waste.



- Provision of transfer station and facilities for disposal of refuse.

Distribution of benefits

- Benefits to the district are related to the public health of the community.
- Benefits to the individual property owners is the availability of the service. This activity is substantially a private benefit to users.

Funding mechanisms for operating expenditure

Refuse collection and kerbside recycling rate

After taking into account income received, the balance of funding required for this activity is funded as follows:

- 5 percent General Rates
- 95 percent Targeted Rates

Transfer station

After taking into account income received, the balance of funding required for this activity is funded as follows:

- 100 percent General Rates

Water supply

Description

- This activity involves the provision and maintenance of a quality water supply to meet the needs of the Carterton urban ward, of rural users where access is approved by the Council, and of commercial users in the Waingawa industrial zone.
- The provision of water for stock, industrial users at Waingawa, non-potable domestic users, and other rural users through the open water race system and the maintenance of that system.

Distribution of benefits

- Benefits to the district are public health from a quality water supply, the availability of water for fire fighting purposes, the provision of water for wetlands, and protection of the ecosystem.
- Availability of potable water to property owners connected to the water supply system is a benefit to the individual properties that can be clearly identified.
- Access to the water race system and use of water by property owners is a benefit to the individual properties that can be clearly identified.

Funding mechanisms for operating expenditure

After taking into account income received the balance of funding required for each activity—urban water, Waingawa water, and rural water races—is funded as follows:

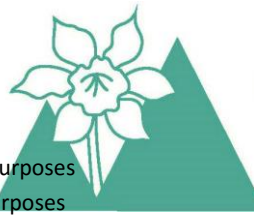
- 10 percent General Rates
- 90 percent Targeted Rates



Operating expenditure

The following table summarises the funding mix for operating expenditure for each group of activities.

Group of activities	General rates	UAGC	Targeted rates	User charges	Subsidies
Governance		100%			
Community support—community development		100% of balance required		√	
Community support—parks and reserves	30% of balance required	70% of balance required		√	
Community support—community amenities		100% of balance required		√	
Regulatory and planning—resource management and planning			100% of balance required	√	
Regulatory and planning—regulatory services	100% of balance required			√	
Roads and footpaths	100% of balance required				√
Sewerage and the treatment and disposal of sewage	10% of balance required		90% of balance required	√	
Stormwater drainage	10%		90%		
Waste management—refuse collection and recycling	5% of balance required		95% of balance required	√	
				√	
Waste management—transfer station	100% of balance required			√	
Water supply	10% of balance required		90% of balance required	√	



Investment policy

Introduction

This policy has been prepared to fulfil the Council's obligations under Section 102(2)(c) and Section 105 of the Local Government Act 2002.

Legislative requirements

The Local Government Act 2002 requires every local authority to adopt a policy in respect to investments, including:

- the objectives in terms of which financial and equity investments are to be managed
- the mix of investments
- the acquisition of new investments
- an outline of the procedures by which investments are managed and reported on to the local authority
- an outline of how risks associated with investments are assessed and managed.

General policies on investments

The objectives of the Investment Policy will be consistent with overall Council objectives and strategic plans. In particular, investments will be made with regard to the following objectives:

- to manage short term cash flows in an efficient and prudent manner
- to manage a level of liquidity sufficient to meet both planned and unforeseen cash requirements
- to invest only in approved financial securities
- to maximise income on investments approved within the policy
- to minimise the risk of investments.

The Council acknowledges that there are various financial risks arising from its financial activities. The Council recognises its fiduciary responsibility as a public authority and any investments that it does hold should be at an appropriate level of risk, giving preference to conservative investment policies and avoiding speculative investments. The Council accepts that lower risk generally means lower returns on investment.

The Council has the following investments:

- cash investments held with banks and non-bank deposit-takers for general purposes
- cash investment held with banks and non-bank deposit-takers for specific purposes
- equity (shares)
- property intended for sale
- forestry
- land and buildings for strategic and investment purposes.

Cash investments held with banks and non-bank deposit-takers for general purposes

The Council holds cash for a variety of reasons. These include sums reserved for particular purposes and funds held for working capital requirements. These funds are managed according to the following policies:

- To minimise the risk to the Council, funds will only be invested in institutions with a high degree of security (NZ Government, State Owned Enterprises, and Local Authorities) or with institutions, being registered Banks or non-bank deposit-takers with:
 - a physical branch in Wairarapa
 - for long term investment, a credit rating of Standard & Poors 'A' (or equivalent) or better
 - for short term investment, a credit rating of Standard & Poors 'BB' (or equivalent) or better.
- Within the above institutions, funds are invested to optimise the return to the Council from the investment.
- Funds are invested in a way that maintains the liquidity of the Council's investment so that cash is available when needed.

Cash investment held with banks and non-bank deposit-takers for specific purposes

The Council has a number of specific cash investments that represent monies put aside for a particular purpose as follows:

WWII Memorial Trust—Joint Council and Carterton RSA initiative. Grants from interest earned on investment distributed to Carterton district residents undertaking tertiary education.

Clareville Grave Maintenance Trust—Funds left in trust for the Council to maintain a grave at the Clareville Cemetery.



Equipment Purchase and Renewal Fund—Funds predominantly used for the purchase of plant, equipment vehicles and IT equipment.

Roading Emergency Fund—Contingency fund to be used for emergency roading works, eg damage caused by flooding. A contribution of 0.5 percent of general rates to be made to the fund annually.

Water Race Intake Reserve—Contingency fund to be used to upgrade or replace the water race intakes. An annual contribution of \$5,000.00 is to be made to the fund from the water race targeted rates.

Major Projects Fund—The funds to be used for projects that benefit the community as a whole as determined by the Council of the day.

Recreation and Reserve Account—Funds from Recreation Reserve levies as provided for in the District Plan. Funds to be used for the purchase of Esplanade Reserves and Strips as required under the Resource Management Act or for the purchase or development of new or existing recreation reserves.

Roading Contributions Fund—Monies from Roothing Contribution levies as provided for in the District Plan. Funds to be used for upgrading and expanding the district's roading network.

Infrastructure Contributions Fund—Monies from Infrastructure Contribution levies as provided for in the District Plan. Funds to be used for upgrading and expanding public water supplies, and the disposal of sewage and stormwater.

Waingawa Infrastructure Contributions Fund—Monies from Waingawa Infrastructure Contribution levies as provided for in the District Plan. Funds to be used for upgrading and expanding water supply and the disposal of sewage for the Waingawa industrial area.

Longbush Domain, Belvedere Hall, and West Taratahi Hall—Monies held by the respective community organisations for activities in association with the community halls and property in their communities owned by the Council.

Waste Disposal Fund—Under the Waste Minimisation Act, a waste levy is charged on all waste disposed of in a landfill. Half the levy money goes to territorial authorities, on a population basis, so that they can improve waste minimisation in their areas.

Creative New Zealand Fund—Monies received from Creative New Zealand for the Council to distribute as grants for community arts.

Sport New Zealand Rural Travel Fund—Monies received from Sport New Zealand for the Council to distribute as travel subsidy grants to assist young people in rural school and club sports teams to participate in local sporting competitions.

Keep Carterton Beautiful Fund—Monies managed by the Keep Carterton Beautiful committee. funds to be used for beautifying the town centre.

Water Race Resource Consent Fund—Monies set aside each year to build funds for expenditure related to renewing resource consents for the district's water races.

Memorial Square Fund—Established under the Carterton and District Memorial Square Act 1932 to obtain land and erect a memorial (now Memorial Square) and for the ongoing maintenance and upkeep of the memorial and of the associated public park or recreation ground.

Election Contingency Fund—Monies set aside by Council in non-election years to assist with the costs of elections.

Workshop Depot Upgrade Fund—Monies set aside by Council for the upgrade of the garage workshop in the Council Operations Depot.

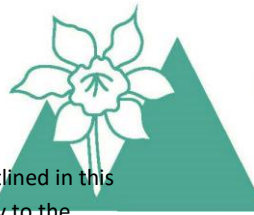
Equity (shares)

The Council has three small shareholdings with Civic Financial Services Limited, Airtel Ltd and Farmlands. These investments are required to enable the Council to utilise specific services.

As the Council is risk adverse, it prefers not to expose itself to the risks of equity investments. With the exception of the above three shareholdings, the Council will not acquire equity investments.

Property intended for sale

The Council will not purchase property solely for investment purposes. It may purchase property to assist in social, physical, and economic development of the community in ways that the Council considers the private sector would be unlikely to achieve without the Council's intervention. Once these goals have been achieved, the properties will be disposed of.



The Council will review its portfolio of properties intended for sale every three years.

Forestry

The Council has a substantial investment in forestry due to the extensive planting of 243.8 ha from 1973 to 1983, assisted by forestry encouragement loans from the then Ministry of Agriculture and Forestry (now the Ministry for Primary Industries).

Harvesting began in the summer of 2003/04. Harvesting is continuing during times of favourable log prices. As trees are felled the forest is being re-planted.

Mix of investments and acquisition of new investments

The mix of Council's investments will be determined by the individual investment decisions made in furtherance of the Council's goals and objectives as set out in the long term plan and Annual Plan. Investments are made to achieve a particular goal or objective.

Cash investments

Surplus funds are invested in a way that maintains the liquidity of the Council's investments so that cash is available when needed. New investments are acquired when surplus funds are available for investing. The Chief Executive has delegated authority to acquire these investments.

Disposition of revenue from investment and proceeds from sale

Revenue from special funds and reserves is retained in that fund, unless the Council approves otherwise in the Long Term Plan or Annual Plan.

Revenue from the sale of investment property is retained in the Council's Major Projects Fund. Revenue from the realisation of the forestry investment is retained in the Council's Major Projects Fund.

Revenue from sales is either reserved or off-set for further asset acquisition.

Managing and reporting to the Council on investments

The Chief Executive has delegated authority to invest funds within the criteria outlined in this investment policy. The Chief Executive is authorised to sub-delegate this authority to the Corporate Services Manager.

The monthly financial report to the Council is to provide a copy of the bank reconciliation and a list of investment accounts, amounts invested, and the banks in which those investments are held.

Given that the Council has only three small equity investments, disclosure in the Annual Report on these items is sufficient for reporting to the Council.

The disposal of properties can only proceed by resolution of the Council.

The Council's forestry consultants provide annual reports to the Council on the forest valuation and calculations of the anticipated cash flows from harvest.

Investment risk management

The Council's exposure to risk in relation to its investment activities is relatively minimal. The greatest risk exposure arises in relation to its cash investments and property investments.

In managing its investments, the Council always seeks to minimise its risk by investing only in institutions with a high degree of security and credit rating.

The Council will not generally invest surplus funds in equity investments due to the risks involved.

The Council has a statutory obligation to promote prudent, effective, and efficient financial management. In considering investments, the Council may consider the following:

- managing risk by having a diversified investment portfolio
- identifying all or any risks
- the estimated return on investment
- the term of the investment
- the marketability of the proposed investment during its term and on completion.



Liability management policy

Introduction

This policy has been prepared to fulfil the Council's obligations under Section 102(2)(b) and Section 104 of the Local Government Act 2002.

Legislative requirements

Section 104 of the Act sets out what is to be included in the Council's Policies with respect to the management of both borrowing and other liabilities and must include the following:

- interest and rate exposure
- liquidity
- credit exposure
- debt repayment
- specific borrowing limits
- the giving of securities.

General policy

The Carterton District Council will use term borrowing to fund capital expenditure providing assets where the benefits of such expenditure are received over terms greater than one financial year and the term of borrowing would be related to the expected economic life of the assets purchased.

Internal borrowing

The Council will fund its borrowing programme for both the purchase of new assets and the re-financing of existing term debt by way of internally borrowing if it is considered prudent to do so in any given circumstances. The rate of interest charged on internal borrowing is calculated to be the weighted average rate that the Council receives on its investment portfolio.

Interest rate exposure policy

Interest rate exposure refers to the impact that movements in interest rates has on the Council's debt servicing costs and cash flow.

Factors that influence interest rates for long and short term securities are beyond the control of the Council. It is prudent to be aware of where interest rate cycles are when making a decision as to the type of borrowing to be undertaken and what arrangements might need to be entered into to manage the interest on borrowing.

The Council's objective in managing interest risk is to minimise debt servicing cost and to maintain stability of debt servicing costs.

Liquidity management policy

Liquidity refers to the availability of financial resources to meet all obligations as they arise, without incurring penalty costs.

The Council requires a minimum level of surplus liquidity to meet unexpected cash expenditure or revenue shortfall.

Short-term liquidity management is monitored and controlled through daily cash management activities with long-term liquidity management being monitored and controlled through the annual plan and long term plan.

As part of its overall liquidity policy, the Council seeks to avoid a concentration of debt maturity dates and may maintain an overdraft facility to meet cash requirements if required.

Credit exposure policy

The only credit exposure risk to the Council in relation to its borrowing activities is the risk that a counterpart to an incidental arrangement may default.

Any incidental arrangement involving a contract or arrangement for the hedging of financial risks is restricted to only those with credit worthy counterparts. Creditworthy counterparts are selected on the basis of their current rating with Standard & Poors, which must be A- or better.



Any incidental arrangements involving contracts or arrangements with underwriters, brokers or any other agents are considered to be low risk and therefore do not require Council approval.

Debt payment policy

The objective of the debt payment policy is to ensure that the Council is able to repay debt on maturity with minimum impact on Council cash flows.

The Council repays its debt from targeted rates, general funds, debt repayment reserves, or from any other source that the Council may resolve to use for debt repayment.

The Council may establish 'debt repayment reserves' for external loans, but will have the discretion whether to repay or reinvest those funds having regard to the comparative interest rates and other relevant market conditions.

Borrowing limits

The Council will limit its borrowing such that all three of the following conditions are met:

- total debt as a percentage of total assets will not exceed 15 percent
- in any financial year, gross interest paid on term debt will not exceed 12 percent of gross operating revenue
- in any financial year, gross interest expense will not exceed 50 percent net cash inflow from operating activities.

Security

The objective of the security policy is to ensure that the Council is able to provide suitable security to investors whilst retaining maximum flexibility and control over assets.

The Council will offer as a security for borrowing a deed of charge over its rates. The Council will not offer security over assets of the Council, with the exception of borrowing by way of financial lease or some other form of trade credit under which it is normal practice to provide security over the asset concerned.

Management of borrowing

The Council approves all proposed borrowing through the annual plan process and reports public debt levels in the annual report.

The Council's borrowing activities are managed through its finance function, which has the following responsibilities:

- provide appropriate finance, in terms of both maturity and interest rates and manage the Council's borrowing programme to ensure funds are readily available at the best margins and costs available to the market
- minimise adverse interest rate related increases on ratepayers' charges and maintain overall interest cost and revenues within budgeted parameters
- management the overall cash and liquidity position of the Council's operations
- provide timely and accurate reporting of treasury activity and performance.



Development contributions or financial contributions policy

Introduction

This policy is prepared under section 106 of the Local Government Act 2002 (The Act) and it outlines in which circumstances the Council intends to require development or financial contributions.

Legislative requirements

The Act requires the Council to adopt a policy on development contributions or financial contributions. This applies regardless of whether it has decided to assess:

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

Once adopted, this policy may be amended as a Long Term Plan amendment.

Financial contributions provision in the Wairarapa Combined District Plan

The Council has adopted the Wairarapa Combined District Plan. Section 23 specifies in detail the provisions relating to financial contributions:

23. Financial Contributions

23.1 Introduction

As further subdivision occurs and new activities are established within the Wairarapa, the existing infrastructure and amenities come under pressure. Financial contributions are a way of ensuring that any adverse effects from subdivision and development on the environment or on community resources are minimised, including ways of offsetting any adverse effects with a contribution toward environmental improvements. Such contributions can be in the form of money, land, works and services and may include the provision of roads and services, the protection of important historic or natural features, the visual enhancement of a site

through landscape treatment or the provision of access to a hitherto inaccessible river or stream.

Financial contributions for subdivision and land use consents may include the cost of upgrading and expanding community works and services as a result of the proposal, including (but not limited to) public roads, public water supplies, and the disposal of sewerage and stormwater.

This section deals with the requirements for financial contributions, with as a standard of a permitted activity, or a land use or subdivision consent.

Where a financial contribution is required as a condition of a permitted activity or resource consent, the purpose, circumstances in which a contribution may be required, and the amount of that contribution are stated. For some types of contributions, a maximum contribution is specified to ensure such contributions are equitable and not unreasonably onerous for some forms of development.

Contributions for land use development through the resource consent process will be sought in full, unless a previous contribution has been received in the subdivision of the site. Conversely, if a contribution was paid at the time of land use development, then no contribution may be required at the time of any subsequent subdivision consent in recognition of the previous contributions.

23.2 Reserves Contributions Standard

23.2.1 Circumstances when a general reserve contribution is required as a condition of a permitted activity or a resource consent.

- (a) As a condition of a land use resource consent for any additional residential unit, provided that a general reserve contribution has not already been made at the time of subdivision creating that lot or under the relevant Council's Long Term Council Community Plan.
- (b) As a condition of subdivision resource consent for any new allotment, provided that a general reserve contribution has not already been made under the relevant Council's Long Term Council Community Plan.
- (c) As a standard of a permitted land use activity for any additional residential unit, with the payment of the contribution to be made prior to the issuance of code of



Code of Compliance Certificate for the building consent, provided that a general reserve contribution has not already been made at the time of subdivision creating that lot or under the relevant Council's Long Term Council Community Plan.

23.2.2 Amount of Contribution Required as a Condition of a Permitted Activity or Resource Consent

- (a) For subdivision, 3 percent of the land value of each allotment to be created in the Residential, Commercial and Industrial Zones (plus GST), and 2 percent of the land value of each allotment to be created in the Rural Zone (plus GST). In the Rural Zone, the maximum of the total combined contribution for reserves and roading contributions shall be \$7,500 (plus GST) per allotment created by a subdivision, or
- (b) For land use development for residential purposes, 0.25 percent of the value of each additional residential unit (plus GST).

23.2.3 Assessment Criteria for Remission or Waiver of Reserves Contribution

In determining whether to grant a remission or waiver of any reserves contribution, regard shall be had, but not limited to, the following criteria:

- (a) The activity's impacts on the reserves network and the cost to the relevant Council to avoid, remedy or mitigate these impacts.
- (b) Measures proposed by the developer to enhance an existing reserve or the open space of the locality.
- (c) Other methods proposed by the developer to avoid, remedy or mitigate any adverse effects on the reserve network.
- (d) Whether any site of natural and cultural heritage can and should be enhanced or protected.

23.2.4 Form of Contribution

- (a) The contribution may be required in the form of money or land or any combination thereof.

If a reserve contribution is in the form of land which is acceptable to Council, the value of the land to be vested as a reserve shall be established on the basis of a registered valuer's report. Registered valuer's reports shall be produced at the consent holders cost and be no older than three months at the time the contribution is paid.

23.2.5 Purpose

- (a) To provide for the acquisition and development of reserves and open spaces in response to the needs arising from subdivision and development.
- (b) To protect conservation values of riparian and coastal margins, and associated water quality and aquatic habitat.
- (c) To provide opportunities for public access to and along water bodies including the coast.
- (d) To provide recreational opportunities near water bodies.

23.2.6 Contributions

- (a) For permitted activities involving construction of a residential building, contributions shall be made prior to the issuance of the Code of Compliance Certificate for the building consent.
- (b) For land use resource consents, contributions shall be payable as and when required by any condition of that consent.
- (c) For subdivision resource consents, contributions shall be made prior to the issuance of the Certificate under Section 224 of the Resource Management Act 1991.

23.3 Infrastructure Contributions Standard

23.3.1 Circumstances when an infrastructure contribution is required as a condition of a permitted activity or resource consent

- (a) As a condition of a land use resource consent for any additional residential unit or administrative, commercial or industrial purposes, provided that any



infrastructure contribution has not already been made at the time of the subdivision creating that lot or under the relevant Council's Long Term Council Community Plan.

(b) As a condition of subdivision resource consent for any new allotment, provided that an infrastructure contribution has not already been made under the relevant Council's Long Term Council Community Plan.

(c) As a standard of a permitted land use activity, with the payment of the contribution to be made prior to the issuance of Code of Compliance Certificate for the building consent, provided that an infrastructure contribution has not already been made at the time of subdivision creating that lot under the relevant Council's Long Term Council Community Plan.

23.3.1 Amount of Contribution as a condition of a permitted activity or a resource consent

(a) The actual cost of water supply, wastewater or stormwater disposal systems to the development, and

(b) The actual cost of all necessary water supply, wastewater or stormwater disposal reticulation within the development for each allotment or building, and

(c) The actual cost of connecting between the water supply, wastewater or stormwater disposal reticulation in the development and the Council's water supply, wastewater and stormwater disposal system, and

(d) The actual cost of upgrading of any existing Council water supply, wastewater or stormwater disposal system to the extent that it is necessary to service the development, and

(e) A share of the cost of the existing water supply, wastewater or stormwater disposal system where additional capacity has been created in anticipation of future development. The share will be calculated on the proportion of the additional capacity required to service the development, and

(f) A share of the cost of new water supply, wastewater or stormwater disposal system or upgraded water supply, wastewater or stormwater disposal system where additional capacity will be required by the cumulative effects of an area's development—the share will be calculated on the proportion of the additional capacity required by the development, and

(g) For subdivisions, \$5000 (plus GST) per allotment that connects with public infrastructure and services, or

(h) For land use development for residential, administrative, commercial and industrial purposes, \$5,000 (plus GST) per new unit for linking with public infrastructure and services, plus 0.5 percent of the assessed value of any building development in excess of \$1,000,000 (plus GST). The assessed value of the development will be based on the estimated value of the building as stipulated on the building consent application, or

(i) For land use development for additions and alternations for administrative, commercial or industrial purposes that connects with public infrastructure and services 0.5 percent of the assessed value of any building development in excess of \$50,000 (plus GST). The assessed value of the development will be based on the estimated value (excluding GST) of the building as stipulated on the building consent application.

23.3.3 Assessment Criteria for Remission or Waiver of Infrastructure Contribution

In determining whether to grant a remission of any infrastructure contribution, regard shall be had, but not limited to, the following criteria:

(a) Whether any allotment or any part of the development is proposed to be connected to public infrastructure and services.

(b) The effect of the proposed subdivision or development on the infrastructure and the cost to the relevant Council to avoid, remedy, or mitigate these impacts.

(c) Measures proposed by the developer to upgrade any existing infrastructure.

(d) Whether any contribution has been previously made towards the establishment or upgrade of the infrastructure.

23.3.4 Form of Contribution



- (a) The contribution may be required in the form of money or works or any combination thereof.

23.3.5 Purpose

- (a) To provide a potable water supply.
- (b) To safeguard the health of inhabitants and protect the natural environment from inappropriate disposal of sewage.
- (c) To prevent damage to property or amenity from the indiscriminate and uncontrolled runoff of stormwater.
- (d) To ensure sufficient water is available for fire fighting purposes.

23.3.6 Contributions Payable

- (a) For permitted activities involving construction of a residential building, contributions shall be made prior to the issuance of the Code of Compliance Certificate for the building consent.
- (b) For land use consents, contributions shall be payable as and when required by any condition of that consent.
- (c) For subdivision resource consents, contributions shall be made prior to the issuance of the Certificate under Section 224 of the Resource Management Act 1991.

23.4 Roads, Access Parking and Loading Contributions Standard

23.4.1 Circumstances when a roads, access parking and loading contribution is required as a condition of a permitted activity or resource consent

- (a) As a condition of a land use resource consent for any residential, commercial or industrial activity, provided that a roads, access parking and loading contributions has not already been made at the time of the subdivision creating that lot or under the relevant Council's Long Term Council Community Plan.

- (b) As a condition of a subdivision resource consent for any new allotment, provided that a roads, access parking and loading contribution has not already been made under the relevant Council's Long Term Council Community Plan.

- (c) As a standard of a permitted land use activity, with the payment of the contribution to be made prior to the issuance of Code of Compliance Certificate for the building consent, provided that a roads, access, parking and loading contribution has not already been made at the time of the subdivision creating that lot or under the relevant Council's Long Term Council Community Plan.

- (d) AS a condition of land use resource consent in the Commercial or Industrial Zones in which the waiver of all or some of the required on-site parking is sought.

23.4.2 Amount of contribution for roads, access, parking and loading as a condition of a permitted activity or resource consent

- (a) The actual cost of providing a road or access to the development, and
- (b) The actual cost of all necessary roads and accesses within the development area for each allotment or building, and
- (c) The actual cost of road or access crossings between allotments, or buildings in the development, and
- (d) A share of the cost of the existing roads and access where additional capacity has been created in anticipation of future subdivision or development. The share will be calculated on the proportion of that additional capacity which is to serve the development, and
- (e) A share of the cost of new or upgraded roads or access where additional capacity is necessary to accommodate the cumulative effects of the development within an area. The share will be calculated on the proportion of the additional capacity necessary to serve the development, and
- (f) The cost of forming of the parking spaces (where a waiver from the District Plan parking requirements is sought, the cost of forming a parking space is deemed to be at a rate of \$5,000 (plus GST) per space, and



(g) For subdivision, 2 percent of the land value of each allotment to be created in the Residential, Commercial, Industrial Zones (plus GST), and 3 percent of the land value of each allotment to be created in the Rural Zone (plus GST). In the Rural Zone, the maximum amount of the total combined contribution for reserves and roading contributions shall be \$7,500 (plus GST) per allotment created by a subdivision.

23.4.3 Form of Contribution

(a) The contribution may be required in the form of money or land or any combination thereof.

23.4.4 Purpose

(a) To provide for the safe and convenient movement on roads of motor vehicles, bicycles and pedestrians within and through the Wairarapa.

23.4.5 Contributions Payable

(a) For permitted activities involving construction of a residential building, contributions shall be made prior to the issuance of the Code of Compliance for the building consent.

(b) For land use resource consents, contributions shall be payable as and when required by any condition of that consent.

(c) For subdivision resource consents, contributions shall be made prior to the issuance of the Certificate under Section 224 of the Resource Management Act 1991.



Remission of rates policy

Introduction

In order to allow rate 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. There are various types of remission, and the circumstances under which a remission will be considered for each type may be different. The conditions and criteria relating to each type of remission are therefore set out separately in the following pages, together with the objectives of the policy.

Legislative requirement

Section 109 Local Government Act 2002 requires the Council to adopt a Rates Remission Policy that includes:

- the objectives sought to be achieved by the remission of rates
- the conditions and criteria to be met in order for rates to be remitted.

Remission of penalty rates

Objectives

- To enable the Council to act fairly and reasonably in its consideration of rates that have not been received by the due date.
- To provide relief and assistance to those ratepayers experiencing financial hardship.

Criteria and Conditions

The Council will consider each application on its merit and remission may be granted where it is considered that the application meets the following criteria and conditions.

Criteria

- Remission of penalty incurred on instalment one will be considered where the ratepayers pays the total amount due for the year on or before the penalty date of the second instalment.

- Remission of one penalty will be considered in any one rating year where payment had been late due to significant family disruption. Significant family disruption is likely to be the ratepayer or a member of the household affected by serious illness, serious accident, hospitalisation or death.
- Remission of penalty may be granted if the ratepayer is able to provide evidence that their payment has gone astray in the past or the late payment has otherwise resulted from matters outside their control. Applications under this criterion will only be accepted if the ratepayer has a history of regular payments of rates and has not incurred penalty rates in the previous two years.
- Remission of penalty rates will be considered for those ratepayers who due to financial hardship, are in arrears and who have entered into an agreement with the Council to repay all outstanding rates. Penalty rates remission will not be considered if the agreement plan is not being adhered to.
- Remission will be considered if a new owner receives penalty rates through the late issuing of a sale notice, a wrong address on the sale notice or late clearance of payment by the Solicitor on a property settlement. This only applies to penalty rates incurred on one instalment. Future instalments do not qualify under this criterion.

Conditions

- Application for remission of penalty rates must be in writing using the prescribed form.
- Penalty rates will not be considered for remission if the penalty rates were incurred more than twelve months before the date of application, whether or not the application otherwise meets the criteria.

Delegation

The Council delegates the authority to remit penalty rates to the Chief Executive and the Corporate Services Manager.

Remission of rates for land used by sporting, recreational and community organisations

Objectives

- To facilitate the ongoing provision of non-commercial sporting, recreational and community services that meet the needs of the residents of Carterton.
- To provide indirect financial assistance to community organisations.



- To make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people and economically disadvantaged people.

Conditions and Criteria

This policy will apply to land owned by the Council, or owned and occupied by a charitable organisation, that is used exclusively or principally for sporting, recreation or community purposes.

The Council will remit 50 percent of rates, with the exception of targeted rates, for organisations that qualify under this policy. Sporting organisations will qualify for 50 percent remission regardless of whether they hold a current license under the Sale and Supply of Alcohol Act 2012.

The Council will remit 100 percent of all rates for Rural Halls, to be reviewed annually to ensure that the use still remains the same.

The policy does not apply to organisations that operate for pecuniary profit or that charge tuition fees.

The policy does not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting or community services as a secondary purpose only.

Applications for remission must be made to the Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be back dated.

Organisations making application should include the following documents in support of their application. Information of activities and programmes, details of membership and statement of objectives

Delegation

The Council delegates the authority to remit 50 percent of rates for sporting, recreational and community organisations to the Chief Executive and the Corporate Services Manager.

Remission of rates on land protected for natural, historical, or cultural conservation purposes

Objective

- To preserve and promote natural resources and heritage.
- To encourage the protection of land for natural, historic or cultural purposes.

Conditions and Criteria

- Ratepayers who own rating units that have some feature of cultural, natural or historic heritage that is voluntarily protected may qualify for remission of rates under this part of the policy.
- Land that is non-rateable under section 8 of the Local Government (Rating) Act and is liable only for rates for water supply, sewage disposal or refuse collection will not qualify for remission under this part of the policy.
- Applications must be made in writing, Applications should be supported by documentary evidence of the protected status of the rating unit eg a copy of the covenant or other legal mechanism.
- In considering any application for remission of rates under this part of the policy the Council will consider the following criteria:
 - the extent to which the preservation of natural, cultural or historic heritage will be promoted by granting remission of rates on the rating unit
 - the degree to which features of natural, cultural or historic heritage are present on the land
 - the degree to which features of natural, cultural or historic heritage inhibit the economic utilisation of the land
 - the degree to which features of natural, cultural or historic heritage are present on the land.
- In granting remissions under this part of the policy, the Council may specify certain conditions before remissions will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.
- The Council will decide what amount of rates will be remitted on a case by case basis.

Delegations

Applications for remission of rates on land protected for natural, historical, or cultural conservation purposes will be considered by the Council.



Remission of specified rates in certain circumstances

Objective

- To encourage continued subdivision activity by providing rates relief to new subdivisions by limiting the rates impact of multiple rating units in the first year.

Conditions and Criteria

This policy will apply to land that fulfils all three of the following criteria:

- subdivided into three lots or more
- where title has been issued
- is owned by the original developer who is holding the individual titles.

Remission will only apply for the first rating year that the individual titles have been separately rated after subdivision. To avoid doubt, remission under this policy will not be given to subdivisions that were given a block rating valuation for any rating year prior to 1 July 2003.

Remission will be limited to 100 percent of the following rates for each unsold lot except one:

- UAGC
- urban sewerage rate
- refuse collection and kerbside recycling rate
- urban water rate.

Delegation

The Council delegates the authority to remit rates on multiple rating units to the Chief Executive and the Corporate Services Manager.

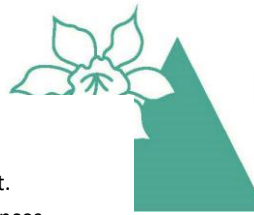
Remission of rates for natural disasters

Objectives

- To provide relief to properties affected by natural disasters.

Conditions and criteria

- The Council will remit rates to those properties identified according to the conditions and criteria set by Central Government.
- The level of remission will be the extent of funding provided by Central Government.



Postponement of rates policy

Introduction

This policy is prepared under Section 110 Local Government Act 2002.

Legislative requirements

The Local Government Act 2002 requires that the Postponement of Rates Policy must state:

- the objectives sought to be achieved by a postponement of the requirement to pay rates.
- the conditions and criteria to be met in order for the requirement to pay rates to be postponed.

Objective

To assist ratepayers experiencing extreme financial circumstances that affects their ability to pay rates.

Criteria and conditions

The Council will consider, on a case by case basis, all applications received that meet all the criteria and conditions listed below.

Criteria

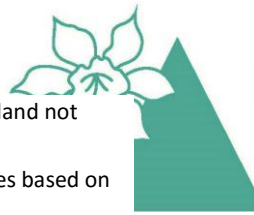
- The ratepayer(s) is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision of maintenance of the home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.
- The ratepayers(s) must be the current owner of the rating unit and have owned or resided on the property or within the district for not less than five years.
- The rating unit must be used solely for residential purposes and the ratepayer(s) must reside on the property.
- The ratepayer(s) must not own any other rating units or investment properties, whether in this district or another.

Conditions

- Application must be in writing by the ratepayer(s) or by any authorised agent.
- The ratepayer(s) is required to disclose to the Council, all personal circumstances, including the following factors; age, physical or mental disability, injury, illness and family circumstances so that the Council can consider these factors to establish whether extreme financial hardship exists.
- Application for postponement of rates will only be considered from the beginning of the rating year in which the application is made.
- If the Council decides to postpone rates the ratepayer(s) must first enter into an agreement with the Council to make regular payments for future rates.
- The Council will charge a postponement fee on the postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative and financial costs and may vary from year to year.
- Any postponed rates will be postponed until:
 - The death of the ratepayer(s), or
 - the ratepayer(s) ceases to be the owner or occupier of the rating unit, or
 - the ratepayer(s) ceases to use the property as their residence, or
 - a date specified by the Council as determined by council in any particular case.
- Postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.
- Postponed rates will be registered as a statutory land charge on the rating unit under the Statutory Land Charges Registration Act 1928 and no dealing with the land may be registered by the ratepayer while the charge is registered except with the consent of the Council.

Delegation

The Council delegates the authority to approve applications for rate postponement to the Chief Executive and the Corporate Services Manager.



Remission and postponement of rates on Māori freehold land policy

Introduction

Māori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court. Only land that is subject of such an order may qualify for remission or postponement under this policy. Currently there are 38 rating units in the district that meet the definition of Māori freehold land, of which 16 are non-rateable.

Whether rates are remitted or postponed in any individual case will depend on the individual circumstances of each application. In general, a remission of rates will be considered, unless there is a reasonable likelihood that the subject land will be used or developed in the immediate future.

This policy has been formulated for the purposes of:

- Ensuring the fair and equitable collection of rates from all sectors of the community by recognising that certain Māori-owned lands have particular conditions, features, ownership structures, or other circumstances that make it appropriate to provide relief from rates.
- Meeting the requirement of Section 108 of the Local Government Act 2002 to have a policy on the remission and postponement of rates on Māori freehold land.
- In determining the policy, the Council has considered the matters set out in Schedule 11 of the Act.

Objectives

- To recognise situations where there is no occupier or person gaining an economic or financial benefit from the land.
- To set aside land that is better set aside for non-use because of its natural features (whenua rāhui).
- To recognise matters related to the physical accessibility of the land.
- To recognise and take account of the presence of waahi tapu that may affect the use of the land for other purposes.

- Where only part of a block is occupied, to grant remission for the portion of land not occupied.
- To facilitate development or use of the land where the Council considers rates based on the rateable value make the use of the land uneconomic.

Conditions and criteria

Application for the remission or postponement should be made prior to commencement of the rating year.

Applications made after the commencement of the rating year may be accepted at the discretion of the Council. Owners or trustees making application should include the following information in their application:

- Details of the property.
- The objectives that will be achieved by providing the remission.
- Documentation that proves the land that is the subject of the application is Māori freehold land.

The Council may, of its own will, investigate and grant remissions or postponement of rates on any Māori freehold land in the district.

Relief and the extent thereof, are at the sole discretion of the Council and may be cancelled and reduced at any time.

The Council will give a remission or postponement of up to 100 percent of all rates, except targeted rates set for water supply or wastewater disposal, based on any of the following criteria:

- The land is unoccupied and no income is derived from the use or occupation of that land.
- The land is better set aside for non-use (whenua rāhui) because of its natural features, or is unoccupied, and no income is derived from the use or occupation of that land.
- The land is inaccessible and is unoccupied.
- Only a portion of the land is occupied.
- The property carries a best potential use value that is significantly in excess of the economic value arising from its actual use.



Significance and engagement policy

(Pursuant to section 76AA of the Local Government Act 2002)

Purpose

The decisions the Council makes affect its communities on a daily basis. Some decisions have greater significance than others.

This Significance and Engagement Policy explains how the Council will determine the degree of significance of particular issues, proposals, assets, decisions, and activities.

It lets both the Council and the community understand when the community can expect to be engaged in the Council's decision-making processes, and to know how this engagement is likely to take place.

Introduction

Councillors are elected to make decisions on behalf of their communities. Consultation with the community is one of a number of ways in which the Council interacts and engages with the people of Carterton to help it make informed decisions.

Effective community engagement builds trust in Council decision-making, while also increasing the Council's awareness of issues in the community, but over-consultation can exhaust the community's willingness to participate.

As well as the informal methods of consultation, some decisions require a more structured form of engagement, due to the significance that a matter has within the wider community, or for groups within the community.

The Council may choose not to consult on some projects when it believes it has enough information with which to make an informed decision. The Council may choose not to consult when it believes the matter is not significant enough. In these cases, the public will receive information about the project and the decision.

This policy does **not** apply to decision-making under the Resource Management Act 1991.

This policy is made up of two parts. The first part on significance explains how decisions on significance will be determined and what happens when something is highly significant or not.

The second part focuses on engagement and consultation. It sets out the principles of engagement the Council will use, minimum information requirements, and the special consultative procedure.

This Policy also lists the assets the Council considers to be strategic assets.

Part 1—Significance

Definition

Section 5 of the Local Government Act 2002 (the Act) defines **significance** as:

'in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for,—

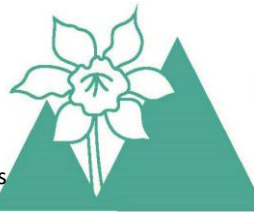
- (a) the current and future social, economic, environmental, or cultural wellbeing of the district or district:*
- (b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:*
- (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so'.*

And it defines **significant** as:

'in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance'.

Determining significance

Councils must make decisions about a wide range of matters and most will have a degree of significance, but not all will be considered to be 'significant'. An assessment of the degree of significance of proposals and decisions, and the appropriate level of engagement and consultation, will be considered in the early stages of a proposal before decision-making occurs.



The following questions should be considered when assessing the degree of significance of proposals and decisions, and the appropriate level of engagement:

- Does it relate to a 'strategic asset', as defined by the Act or Schedule 1 of this policy, including the transfer of ownership or control, or the construction, replacement or abandonment?
- How many residents and ratepayers may be affected or interested?
- To what extent may residents and ratepayers be affected or interested?
- How much public interest is likely to be generated?
- To what extent is the current and future social, economic, environmental, and cultural well-being of the Carterton District likely to be affected?
- To what extent will it affect the capacity of the Council to perform its role and carry out its existing activities, now and in the future?
- To what extent are service levels of any significant activity likely to be affected?
- To what extent is the outcome(s) likely to affect the way in which any significant activity is carried out?
- To what extent is the outcome(s) likely to affect the capacity of the Council to provide any significant service or carry out any significant activity?
- Will a specific area be affected (eg geographic area, or area of a community by interest, age or activity)?
- Will council debt, rates on residents, or the financial figures in any one year or more of the Long Term Plan be substantially affected?
- Does it involve the sale of a substantial proportion of, or controlling interest in, the Council's shareholding in any council-controlled trading organisation or council-controlled organisation?
- Does it involve contracting out, or entry into any partnership with the private sector, to carry out a significant activity?
- Will an existing activity cease or a new group of activities be added?

Process

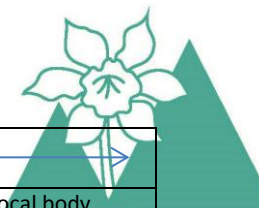
Decisions on significance will be made in accordance with this policy, the Council's Governance Statement, Standing Orders, and other policies including Delegations.

In practice, this means:

- Where any issue, policy, decision, or other matter meets one or more criterion and is deemed to have significance (low, moderate or high), the matter shall be reported to Council.
- Each report shall include a statement indicating that the issue, policy, decision, or other matter has been considered in regard to Significance and Engagement Policy. The report shall include an assessment of the degree of significance of the issue, policy, decision, or other matter, based on the criteria outlined in this Policy.
- The assessment should consider each criterion of significance and report on these, where applicable. The report should include a statement on the level of significance and reasoning behind the conclusion (eg why was it determined to have moderate significance) using the following table for guidance.



Matter/Issue	Determining the Level of Significance		
	Low Significance	Moderate	High
Relates to an asset that is a 'strategic asset'	Does not relate to strategic assets or does not substantially affect other Council assets	Involves sale of, or substantial impact on, part of a strategic asset, or other Council asset	Sale of a strategic asset, or activities that affect the performance of the strategic asset as a whole
Changes to levels of service	Minor loss of, or change to, service levels provided by the Council (or its contractors)	Moderate changes to the level of service provided by the Council.	Decision or proposal creates substantial change in the level of service provided by the Council
Likely level of community interest	Decision or consequence has little impact or is easily reversible	Minor or moderate level of community interest in a proposal or decision; or there is a moderate impact arising from changes; or one or more areas of the District are affected disproportionately to another; or duration of an effect may impact detrimentally on people or a community	A high level of community interest in a proposal or decision; likely to be, or is, controversial in the context of the impact or consequence of the change; involves a specific area affected (eg geographic area, or area of a community by interest, age or activity); or there are substantial impacts or consequences arising from the duration of the effect
Financial impact	No material effect on the Council's budget, debt, or residents' rates	Minor effect on rates, debt, or the financial figures in any one year or more of the Long Term Plan	Substantially affects debt, rates, or the financial figures in any one year or more of the Long Term Plan
Changes to Groups of Activities	Minor change to how Council manages groups of activities	Partial exit from a group of activities	Ceasing an existing activity or adding a new group of activities
Delivery arrangements	No substantive change to partnership arrangements for delivery of services, or consultant services	Contracting out or entering partnership with the private sector to carry out minor activities on behalf of the Council	Contracting out or entering partnership with the private sector to carry out a significant activity or a group of activities



- The assessment, and where appropriate the report, must also include consideration of the following requirements, matters, and procedures set out in the Act:
 - s77 Requirements in Relation to Decisions
 - s78 Community Views in Relation to Decisions
 - s79 Compliance with Procedures in Relation to Decisions
 - s80 Identification of Inconsistent Decisions
 - s81 Contributions to Decision-making Processes by Maori
 - s82 Principles of Consultation.
- The report should recommend appropriate methods and extent of consultation and engagement, proportionate to the level of significance.

Part 2—Engagement and consultation

The primary purpose of consulting with the community is to enable effective participation of individuals and communities in the decision-making of councils. This will enable elected representatives to make better-informed decisions on behalf of those they represent.

Matching engagement to significance

In any engagement process undertaken with the community, that engagement will be in proportion to the significance of the matter being considered and any statutory requirements. This is illustrated in the table below.

← LOW to MEDIUM to HIGH significance → <i>(one or more approach may be used)</i>				
The community is provided with objective information to assist in its understanding of problems, solutions, performance	Feedback is obtained from the community to assist in the formulation of options and decisions	The Council works directly with the public throughout the process, to ensure both public and private concerns are understood	The Council seeks direct advice from the community in formulating solutions, and this advice is incorporated in decisions to the maximum extent possible	The public is empowered to make the decision

← EXAMPLES OF ENGAGEMENT METHODS → <i>(additional activities, from left to right)</i>				
Reports, website update, media release, public notice, letter, <i>Snippets</i> , social media, customer services staff information training, or councillor or staff email networks	Notifications to those directly affected, information displays at Council and Library, and at targeted venue, public meeting, open days, focus groups, online consultation, public hearings, print and radio advertising	Discussion groups and workshops, road shows, residents' survey, community-led development, pre-engagement strategy to heighten awareness and create interest and participation, expert opinion on outcomes sought	Working groups, advisory boards	Local body elections

Engagement principles

When any engagement takes place, other than simply providing information, the Council will:

- ensure that elected members are a primary conduit for engagement with the community they represent
- ensure that the engagement has sufficient time and adequate resources to be effective
- seek to hear from everyone likely to be affected
- ask for views early in the decision-making process so that there is enough time for feedback, and for views to be considered properly
- consider different ways in which views can be presented
- listen to and consider views in an open and honest way
- respect everyone's point of view
- work in partnership with appropriate representative and special interest groups
- be sensitive to engagement becoming a burden
- ensure that the engagement process is efficient and cost-effective
- provide information about the outcome of the engagement and the reasons for any decisions.



Information Requirements

At a minimum, the Council will provide the following information when conducting consultation or engagement:

- what is being proposed
- why it is being proposed
- what the reasonably practicable options and consequences are for the proposal
- if a plan or policy or similar document is proposed to be adopted, a draft of the proposed plan, policy, or other document
- if a plan or policy or similar document is proposed to be amended, details of the proposed changes
- what impacts may occur if the proposal goes ahead
- how submitters and participants can provide their views
- the timeframe for consultation and engagement
- how the decisions will be made and who will be making them
- how submitters and participants will be informed about the outcome.

Special consultative procedure

There are still situations where the Special Consultative Procedure (section 83 of the Act) must be used:

- adoption or amendment of a Long Term Plan
- making amending or revoking a by-law
- reviewing a strategic asset.

There are also statutes that require the special consultative procedure to be followed in specific situations, including:

- Resource Management Act 1991
- Sale and Supply of Alcohol Act 2012
- Reserves Act 1977
- Dog Control Act 1996
- Building Act 1991.

Review of the Policy

The Significance and Engagement Policy will be reviewed at least every three years.

Schedule 1—Strategic assets

Strategic asset is defined in the Local Government Act 2002 as an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes—

- any asset or group of assets listed in accordance with section 76AA by the local authority
- any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy
- any equity securities held by the local authority in:
 - a port company within the meaning of the Port Companies Act 1988
 - an airport company within the meaning of the Airport Authorities Act 1966.

The Council has identified its strategic assets as:

- roading network, including bridges, street lighting, and footpaths
- water treatment, storage, and supply network
- sewerage reticulation network and sewage treatment facilities
- stormwater drainage network
- rural water race network
- landfill site, including transfer station
- parks and reserves, Council-owned land and buildings, public toilets, and sports fields
- cemetery
- Events Centre
- Outdoor Swimming Complex
- Kaipaitangata Forest.