



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.

Treasury Management policy

The Treasury Management policy outlines Council's policy in respect to investments and liability. In regards to investments the policy 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. In regards to liability the policy outlines 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 how Council intends to fund the activities and services it provides. This policy is a requirement of the Local Government Act 2002. It is one of the suite of policies that ensures Council:

- manages 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,
- makes adequate and effective provision in its long term plan and annual plan to meet the expenditure needs identified
- meet its funding needs from those sources that it determines to be appropriate.

Process

Council must follow a prescribed process when determining the most appropriate funding option for its activities and services.

-
- Section 101(3) of the Act requires Council consider for each activity:
- Community outcomes to which the activity primarily contributes
- User/Beneficiary Pays Principle –distribution of benefits between, the community as a whole, any identifiable part of the community, and individuals
- Intergenerational equity principle – the period in or over which those benefits are expected to occur
- Exacerbator Pays Principle – the 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.
-

Council must also consider 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.

Section 103 of the Act requires Council to state:

- the policies in respect of funding operating expenses,
- the policies in respect of funding capital expenditure,
- show how the decisions about the funding mechanisms comply with section 101(3) of the Act.

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 reasonably equal value of public benefit to each ratepayer. Under the Local Government (Rating) Act 2002 Council has the provision to collect up to 30% of its total revenue from UAGC and Targeted Rates set on a uniform basis. Council has made the decision to fully utilise this provision.

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, e.g water and wastewater services.



Fees and charges

Where the Council has deemed there is a direct or partial benefit to the end user, e.g 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 Waka Kotahi NZ Land Transport Agency, 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.

Designing a funding system

Council has given much thought and consideration how to best fund the activities and services it provides. Principles include fairness, equity, affordability, and the ability to administer the funding system in a cost-effective way. Applying these principles across the various groups of ratepayers in the district requires multiple and complex judgements to be made. Council aims to strike a balance between providing good quality services and the ability to pay. The funding tools available to Local Authorities are limited. Through this policy Council has used the funding mechanisms available to distribute costs as fairly as possible in a balanced method across different rate payer groups.

The Council proposes to set a general rate based on the capital value of each rating unit in the District. The general rate will be set on a differential basis over three rating categories as follows:

General rates—differential factor	
Residential	1.0
Commercial	2.0
Rural	0.8



Further information about the rating categories can be found in the Funding Impact Statement.

Council considers the total funding system provides adequate and effective provision to meet the expenditure needs identified and enables Council to deliver services and activities that promote the current and future social, economic, environmental and cultural well-being of the community.

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
- Transportation
- Wastewater
- Stormwater drainage
- Waste Management
- Water Supply.





Governance Group

Analysis

- The Governance activity provides benefit to the whole community. Benefits are provided to all residents through the facilitation of democracy, effective leadership and decision-making, future planning and development, and advocacy. Benefits can occur now and in the future.
- Governance activities and associated costs include Local Body Elections, administration and operating costs of Elected Members and 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 community benefit including records preservation and costs associated with representing the interests of residents and ratepayers.
- No negative effects have been identified.

Funding Mechanism and Source

100% Public

Council has decided the most appropriate way to fund the Governance activity is through the Uniform Annual General Charge. This public funding mechanism comes closest to ensuring that all residents pay equally for the Governance activity.

Community Support Group

Includes Community Development, Economic Development, Emergency Management, Parks and Reserves and Community Amenities.

Community Development

Analysis

- The Community Development activity aims to build social cohesion and enhance the social wellbeing of the Carterton community. Information, advice and advocacy services

are provided to a wide range of people and groups including volunteers, artists, and job seekers. Supporting community organisations, community development initiatives and providing community events are of significant public benefit to the whole community.

- Grants are provided to community organisations to support health, cultural and community development initiatives that help achieve Council’s strategic objectives.
- Most benefits occur in the year that funding is provided but some benefits may occur over multiple years depending on the length of programme provided.
- No negative effects have been identified.

Funding Mechanism and Source

100% Public (of balance required)	Private
-----------------------------------	---------

Funding for the Community Development activity is from both private and public sources of funds. Private funds are obtained via grants from Creative New Zealand and other sources, with the balance of public funding coming via the Uniform Annual General Charge.

Economic Development

Analysis

- The Economic Development activity involves the provision of economic development initiatives that aim to support strong businesses, employment and tourism in the district and region. Of key focus over the coming years will be supporting the local economy to recover from economic shock caused by the COVID-19 pandemic.
- The Council will continue to partner with Masterton and South Wairarapa District Councils, Greater Wellington Regional Council and WellingtonNZ to implement the Wairarapa Economic Development Strategy.
- Council will continue to provide a wide range of services and activities that contribute towards economic development. These include plans for town centre redevelopment, ensuring the town centre is attractive and appealing to visitors and potential investors, providing sufficient suitably zoned land is available for development, and providing good quality infrastructure and services.
- A healthy district economy is of benefit to the whole community now and in the future.
- No negative effects have been identified.



Funding Mechanism and Source

100% Public (of balance required)	Private
-----------------------------------	---------

Funding for the Economic Development activity is from both private and public sources of funds. Private funds are obtained via grants from the Provincial Growth Fund (or its equivalent) and other sources, with the balance of public funding coming via the Uniform Annual General Charge. While there may be some private benefit accrued to individuals and businesses the scale of benefit would be difficult to determine and recover costs.

Emergency Management

Analysis

- Emergency Management provides significant public benefit to the whole community. The activity involves educating and encouraging the community to increase their preparedness for natural disasters, responding and helping to minimise the effects of natural disaster on people and property, and providing a recovery system following natural disasters.
- The benefits of the Emergency Management activity occur now through preparedness and in the future through response and recovery. This activity makes a significant contribution towards all well-beings and the community outcomes sought regarding a caring community that is safe, healthy, connected, and resilient.
- No negative effects have been identified.

Funding Mechanism and Source

100% Public

In light of the public benefit to the whole community and contribution to wellbeing and community outcomes accrued through the Emergency Management activity, Council has decided the most appropriate means of funding is via the Uniform Annual General Charge.

Parks and Reserves

Analysis

- Parks and reserves make an important contribution to the well-being and lifestyle of the community. They provide areas for social connections, relaxation, sporting activities and green and attractive open spaces in built up areas. Council preserves and manages parks and reserves for the benefit and enjoyment of the whole community for recreation use.
- While benefits of this activity are provided to the entire community, specific individual benefit can also be provided to user groups and sports clubs. Exclusive use of parks and reserves may be necessary in order for sport clubs and recreational groups to successfully manage and run events.
- Benefits of the activity occur now through the provision of aesthetically pleasing open spaces and gardens, and in the future due to the long term nature of associated parks and reserves assets. This activity also involves management of the Kaipaitangata forest, the principle purpose being the protection of the water supply catchment. The block contains a mix of production forestry and manuka crops. The manuka is leased for honey production. Proceeds from the manuka lease is reinvested back into the Parks and Reserves activity.
- Some individuals may experience negative effects from not having full and exclusive use of parks and reserves at all times. Misuse and vandalism can cause additional costs to Council.

Funding Mechanism and Source

100% Public (of balance required)	1-10 % Private
-----------------------------------	----------------

Council has decided that a combination of public and private funding is appropriate for the Parks and Reserves activity. Private funds (1-10%) are obtained via fees and charges from exclusive users, and the manuka crop lease, and the balance is obtained via public funds through the Uniform Annual General Charge (up to 70%) and General Rate (up to 30%). Recovery of exacerbator costs due to vandalism will be recovered in full where possible.



Community Amenities

Analysis

- Community amenities include the Carterton Events Centre, Carterton Public Library, Cemetery, Outdoor Swimming Pool, Public Toilets and Holiday Park. Together these facilities provide a range of services and opportunities for social interaction that benefit the whole community in different ways.
 - The multi-purpose Events Centre is vibrant, welcoming, and the heart of the community for cultural, economic and social services. The uses are wide ranging including concerts and corporate functions to art displays and weddings.
 - The library service aims to meet the recreational, educational and information needs of the residents of Carterton.
 - The cemetery meets the needs of the people of the district and maintains the dignity of a last resting place.
 - The outdoor swimming complex meets the recreational needs of the general public during the summer months.
 - Public toilets are accessible, clean and tidy for use by the general public and visitors.
 - The Holiday Park is well maintained to ensure a pleasant and attractive accommodation option to visitors to the district. The operation of the Holiday Park is via a lease.
- Community amenities provide numerous benefits to the district and wellbeing of the district. The provision of shared public spaces enhances the community's sense of social connectedness, cultural wellbeing, and civic pride. Attracting visitors to the district also makes a positive contribution to the local economy. Benefits of the activity are immediate through the provision of well-appointed community amenities, and in the future due to the long term nature of assets. Most benefits are to the whole community, however individuals may benefit from exclusive use of a facility.
- Council may incur additional costs from vandalism to facilities, and/or library resources that are not returned or damaged.

Funding mechanisms and sources

100% Public (of balance required)	4-14% Private
-----------------------------------	---------------

After taking into account the benefits and contribution towards community outcomes Council has decided to fund this activity through combination of public and private funds. Private

funds (4-14%) are obtained via fees and charges and the income from the Holiday Park lease, and the balance is obtained via public funds through the Uniform Annual General Charge (up to 100%). Recovery of exacerbator costs due to vandalism and unreturned or damaged library resources will be recovered in full where possible.

Regulatory and Planning Group

Includes Resource Management Planning, Consent Processing, and Regulatory Services.

Resource Management Planning

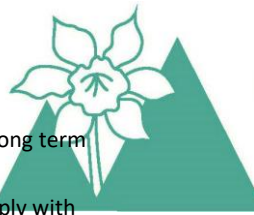
Analysis

- Resource Management Planning involves development of the District Plan in accordance with the Resource Management Act.
- There are both public and private benefits involved with Resource Management Planning activity. Public benefits include safe and orderly development of the district, and consistent standards for current and future generations. Private plan changes will provide immediate benefit to individual applicants through development and potential increases in property values.
- Council may incur additional costs from vexatious and frivolous submitters, however there is no practical way to recover costs.

Funding mechanisms and sources

100% Public

Council has decided that the most appropriate funding mechanism for Resource Management Planning is from public funds via Targeted Rates and fees (for private plan changes). Private Plan Change applications occur infrequently, and the Council cannot anticipate when applications may be lodged.



Consent Processing

Analysis

- The Consent Processing activity involves the processing of applications for resource consents and building consents. Council is required to provide these activities in compliance with the relevant legislation and regulations.
- The benefit of these services is provided immediately to the individual applying for a consent. The whole community also benefits from consenting services through the promotion of public safety and protection of the environment for future generations.
- Non-compliance (e.g. applicants prolonging consent processes and/or extra inspections) can cause additional costs to Council.

Funding mechanisms and sources

100% Public (of balance required)	85-95% Private
--------------------------------------	----------------

Funding for the Consent Processing activity is from both private and public sources of funds. Private funds (85-95%) are obtained via consent fees and charges, with the balance of public funding (up to 100%) coming via the Targeted Rate for resource consents and General Rate for building consents. Recovery of exacerbator costs due to non-compliance will be recovered in full where possible.

Regulatory Services

Analysis

- The Regulatory Services activity includes the provision of environmental health services, liquor licensing, animal and dog control. Council is required to provide these activities in compliance with the relevant legislation, regulations and bylaws. These services also contribute towards the community outcome: A caring community that is safe, healthy and connected.
- There are both public and private benefits associated with the provision of Regulatory Services.
- Benefits occur mainly in the short term to the individual applicant or receiver of the service. For example, Animal Control services where animals that are returned to their

owners. There is also some benefit to the whole community provided over long term from enhanced public safety.

- Council may incur significant addition cost through residents that fail to comply with regulations.

Funding mechanism and sources

Environmental health services

100% Public (of balance required)	1-10 % Private
-----------------------------------	----------------

Liquor licensing

100% Public (of balance required)	60-70% Private
-----------------------------------	----------------

Animal and dog control

100% Public (of balance required)	70-80% Private
--------------------------------------	----------------

Council has decided that a combination of public and private funding is appropriate for the Regulatory Services activity. Private funds are obtained via fees and charges from applicants and the balance is obtained via public funds (up to 100%) through the General Rates. Recovery of exacerbator costs due to non-compliance will be recovered in full where possible.



Transportation Group

Includes Roads, Footpaths, and Cycleways and Trails

Roads

Analysis

- The Roading activity involves the development and maintenance of roads, streets, and associated infrastructure (including bridges and culverts, road signs and street lighting).
- There are many public benefits provided to the whole community relating to the general availability of the roading system. Working with Waka Kotahi NZ Land Transport Agency NZTA, Council aims to achieve a safe efficient land transport system that maximises local safety, enhances economic and social wellbeing.
- Benefits are also provided to individual users, access for forestry operations, use of roads by heavy carriers, tankers and trucks.
- Council may incur additional repair and maintenance costs to roads from damage caused by excessive use of heavy machinery, motor vehicle accidents, livestock movements and vandalism.

Funding mechanisms and sources

100% Public (of balance required)	Private
-----------------------------------	---------

Funding for the roading activity is sourced from both private and public sources. Private funds are obtained via a subsidy from Waka Kotahi NZ Land Transport Agency, with the balance of public funding (up to 100%) coming via General Rates.

Footpaths

Analysis

- Footpaths provide significant public benefit to the whole community. Footpaths provide connections to other transport networks, enable safe access by separating pedestrians from the main flow of traffic, provide opportunities for recreation and promote mobility.
- Benefits are immediate to footpath users and the wider community and long term for future generations.

- Negative effects may arise through restricted access. Council may incur additional repair and maintenance costs to footpaths through motor vehicle accidents, vandalism and unapproved alterations.

Funding mechanisms and sources

100% Public (of balance required)	Private
-----------------------------------	---------

Funding for the Footpath activity is sourced from both private and public sources. Private funds are obtained via a subsidy from Waka Kotahi NZ Land Transport Agency, with the balance of public funding (up to 100%) coming via General Rates.

Cycleways and Trails

Analysis

- Council recognises that walking and cycling provides many environmental, social and economic benefits for the community. Benefits occur now and in the future.
- Benefits are provided to all residents through the provision of cycleways and trails that provide opportunities for social interactions, alternative transport modes, recreation, economic activities, to enhance and protect the environment through reductions in vehicle emissions.
- Negative effects may arise through restricted access. Council may incur additional repair and maintenance costs to cycleways and trails by damage.

Funding mechanisms and sources

100% Public (of balance required)	Private
-----------------------------------	---------

Funding for the Cycleways and Trails activity is sourced from both private and public sources. Private funds are obtained via a subsidy from Waka Kotahi NZ Land Transport Agency, with the balance of public funding (up to 100%) coming via General Rates.



Wastewater Group

Analysis

- Significant benefits are provided by the wastewater system, including treatment and disposal. Ensuring that wastewater is treated and disposed of effectively promotes a clean healthy environment free from contaminants now and in the future, maintains public health standards and prevents disease.
- Wastewater services are provided to the residents of the Carterton urban area, limited adjacent rural areas where access is available, and Waingawa industrial area. While the majority of the benefits are to the scheme users, there are also public health benefits to the whole community associated with an effective wastewater system.
- Council can incur additional costs from an overloaded wastewater system caused by unusually high volumes of trade waste, disposal of toxic substances, or illegal stormwater connections that add volumes of unnecessary water to the sewerage system.

Funding mechanisms and sources

10% Public (of balance required)	90% Private (of balance required) 13-23% Private
---	---

Council has decided that a combination of public and private funding is appropriate for the wastewater activity. Due to the limited amount of public benefit associated with this activity up to 10% of funding is sourced via General Rates. Private funds of up to (90%) are obtained via fees Targeted Rates from those scheme users while the remaining 13-23% is obtained via user fees and charges. Council uses powers provided in the Trade Waste Bylaw to recover exacerbator costs from trade waste users with large volumes of trade waste.

Stormwater Drainage Group

Analysis

- Council provides the residents and ratepayers of the Carterton urban area with an efficient stormwater drainage system.

- Benefits to the whole community are related to managing risks from flooding, the protection of people, property and infrastructural assets of the district, providing safe access to the public and maintaining public health. Benefits occur now and in the future due to the long term nature of assets associated with this activity.
- Benefit to the individual property owner is that stormwater drainage is available to private properties. This activity is substantially a private benefit to users.
- Council can incur additional costs from pollutants added to the stormwater system.

Funding mechanisms and sources

10% Public	90% Private
------------	-------------

Funding for the Stormwater activity is obtained from public and private sources. Due to the limited amount of public benefit associated with this activity 10% of funding is sourced via General Rates (public) while the remaining (90%) is sourced from scheme users through the Targeted Rates (private). Exacerbator costs are difficult to identify but will be recovered in full where possible.

Waste Management Group

Includes Refuse collection and Recycling, and Transfer Station

Refuse collection and Recycling

Analysis

- This activity includes the 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.
- Benefits to the whole community are related to the public health of the community. Benefits occur now through the provision and immediacy of the service, and over the medium term due to the assets associated with this activity.
- Benefits to the individual property owners is the availability of the service. This activity is substantially a private benefit to users.
- Council can incur additional costs from vandalism and damage to recycling bins.



Funding mechanisms and funding sources

10% Public (of balance required)	90% Private (of balance required) 27-37% Private
-------------------------------------	---

A combination of public and private funding is appropriate for the Refuse collection and Recycling activity. Private funds (up to 90%) are obtained via Targeted Rates from households that are provided with the service, with a further 27-37% of private funding coming via fees and charges (bag sales, and bin replacements). The balance of funding is obtained via public funds (up to 10%) through the General Rates. Recovery of exacerbator costs due to non-compliance will be recovered in full where possible.

Transfer Station

Analysis

- Council provides a transfer station and facilities for disposal of refuse.
- The whole community benefits from the safe and efficient disposal of refuse. Maintaining a safe and healthy environment and sanitary conditions are essential to preventing health hazards and promotion of public health. Private benefit is afforded to those individuals that access the services as do those residents that have access to the service but may choose not to use it.
- Benefits are provided now and in the future through those that access the services and due to the long term nature of the assets associated with this activity.
- Council may incur additional costs from dumped contaminants.

Funding mechanisms and sources

100% Public (of balance required)	31-41% Private
--------------------------------------	----------------

Council has decided that a combination of public and private funding is appropriate for the Transfer Station activity. Public funds (up to 100%) are obtained via General Rates. Private

funds (31-41%) are obtained via fees from those using the transfer station facility. Recovery of exacerbator costs due to deliberate contamination will be recovered in full where possible.

Water Supply Group

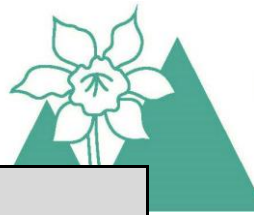
Includes Drinking Water and Water Races

Drinking Water Analysis

- This activity involves the provision and maintenance of a safe and resilient quality drinking water supply to meet the needs of the Carterton urban ward, of approved rural users, and of commercial users in the Waingawa industrial zone.
- Benefits to the district are availability of quality potable water supply for public health. Water that complies with Drinking Water Standards provides the community with assurance that it is healthy and safe to drink. A reliable and plentiful water supply source also enables services (e.g. fire fighting) and recreational facilities e.g. private swimming pools.
- The water supply activity contributes towards the Community Outcome sought regarding quality fit for purpose infrastructure and services that are cost-effective and meet future needs.
- There are significant private benefits attached to the urban drinking water supply. 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.
- Benefits are immediate and ongoing to scheme users, and long term for the wider district and future generations due to the assets associated with this activity.
- Exacerbator costs can occur through individuals who waste water, high and excessive users, unauthorised connections, and individuals that contaminate the supply.

Funding mechanisms and sources

10% Public (of balance required)	90% Private (of balance required) 1-10% Private (Fees and Charges)
-------------------------------------	---



After considering the public and private benefits and contribution towards community outcomes Council has decided the most appropriate sources of public funds for the Drinking Water activity are via General Rates (up to 10%) and private funds via Targeted Rates (up to 90%) and User Charges (1-10%). Recovery of exacerbator costs will be recovered in full where possible.

Water Races

Analysis

- Water races provide water for agricultural and horticultural and ecological purposes, non-potable domestic users, and other rural users. Council provides and maintains the open water race system.
- Access to the water race system by property owners is a direct benefit to the individual properties that can be clearly identified. There is also benefit offered to those property owners that have access to the water race system but choose not to use it. Some public benefit is also provided to the whole community as the water races provide a discharge point for stormwater, assisting with the management and prevention of risk from flooding. Economic development prospects are enhanced by an affordable and reliable water supply.
- Council may incur additional costs through use individuals that use excessive amounts water or contaminate the supply.

Funding mechanisms and sources

10% Public (of balance required)	90% Private (of balance required) 1-10% Private (Fees and Charges)
-------------------------------------	---

After considering the public and private benefits and contribution towards community outcomes Council has decided the most appropriate sources of public funds for the Drinking Water activity are via General Rates up to (10%) and private funds via Targeted Rates (up to 90%) and User Charges (1-10%). Recovery of exacerbator costs will be recovered in full where possible.

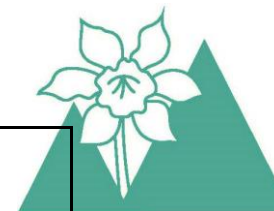




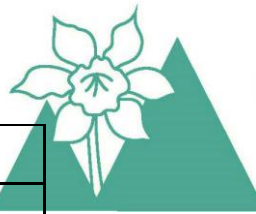
Operating expenditure

The following table summarises the funding mix for each activity.

Activities	Public Funds			Private Funds		
	General rates	UAGC	Targeted rates	Targeted rates	User fees and charges	Subsidies
Governance		100%				
Community Support						
Community development		100% of balance required				Yes
Economic development		100% of balance required				Yes
Emergency management		100%				
Parks and reserves	30% of balance required	70% of balance required			1-10%	
Community amenities		100% of balance required			4-14%	
Regulatory and Planning						
Resource management planning			100% of balance required			
Consent processing			100% of balance required		9-19%	
Regulatory services						



• Environmental health services	100% of balance required				3-13%	
• Liquor licencing	100% of balance required				60-70%	
• Animal and dog control	100% of balance required				70-80%	
Transportation						
Roads	100% of balance required					Yes
Footpaths	100% of balance required					Yes
Cycleways and Trails	100% of balance required					Yes
Wastewater	10% of balance required			90% of balance required	13-23%	
Stormwater drainage	10%			90%		
Waste Management						
Refuse collection and recycling	10% of balance required			90% of balance required	27-37%	Yes
Transfer station	100% of balance required				31-41%	
Water Supply						
Drinking water	10% of			90% of	1-10%	



	balance required			balance required		
Water races	10% of balance required			90% of balance required	1-10%	



Carterton District Council

Treasury Management Policy

Comprising Liability Management Policy and Investment Policy

Context

1. Section 102 of Part 6 of the Local Government Act 2002 (LGA) requires local authorities to adopt a liability management policy and an investment policy.
2. The requirements for each policy are detailed in Sections 104 and 105 of the LGA:
 - The liability management policy must state the Council's policies on how it will manage its borrowings and other liabilities, including interest rate exposure, liquidity, credit exposure, and debt repayment.
 - The investment policy must set out the Council's policies on investments including the mix of investments, acquiring new investments, management and reporting procedures, and risk assessment and management.
3. Together these policies make up the framework for the Council's treasury management activities and define the parameters within which all investment and borrowing activities are carried out. This policy should be read in the context of Council's Financial Strategy.
4. Under the Local Government Rating Act 2002, Council has the powers to set, access and collect rates to fund local government activities. This allows the Council to provide its rating powers as security for borrowing purposes in the form of a Debenture Trust Deed. This is a strong security position and is reflected in the credit quality of the Council.
5. Council is risk averse and wishes to minimise risk from its treasury management activities.

Liability Management Policy

Objectives

6. The Council's liability management objectives in relation to borrowings are to:
 - Minimise borrowing costs within approved risk parameters
 - Prudently manage the Council's exposure to interest rate changes

- Ensure sufficient levels of liquidity to meet both planned and unforeseen cash requirements, and to assist borrowing decisions
7. Prudently manage the Council's credit exposure
 8. Monitor and report on the risk and the performance of debt portfolios against predetermined limits and benchmarks.

Management of Borrowings

9. Council is able to borrow external funds in local currency through bank borrowing and the Local Government Funding Agency (LGFA). Council considers and approves its forecast borrowing requirements by approving financial projections in its Long-Term Plan and each Annual Plan, and reports on debt levels in the Annual Report. Council's finance function manages its borrowing activities in accordance with this policy.
10. Internal borrowing may be used by Council to fund its borrowing for both the purchase of new assets, and the re-financing of existing term debt, if it is considered prudent to do so in any given circumstance. Interest will be charged on internal borrowing and this is calculated to be the weighted average rate that Council receives on its term cash investments over 90 days.

Interest Rate Exposure

11. Interest rate exposure refers to the impact that movements in interest rates have on the Council's financial performance.
12. 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.
13. The Council's objective in managing interest risk is to minimise debt servicing cost and to maintain stability of debt servicing costs.

Liquidity

14. Liquidity refers to the availability of financial resources to meet all obligations as they arise, without incurring penalty costs.
15. The Council requires a minimum level of surplus liquidity to meet unexpected cash expenditure or revenue shortfall.
16. 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.
17. 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

18. Credit risk is the risk that a party to a transaction will default on its contractual obligation. The Council is exposed to credit risk when there is a deterioration of the credit rating:
- of an entity with which the Council places its investments
 - of a counterparty with whom the Council may transact financial derivative contracts
 - of a contractual counterparty with whom the Council may have concluded major supply, construction or service contracts.
19. Council will only enter into borrowing agreements with creditworthy counterparties. Creditworthy counterparties are selected on the basis of their Standards and Poors rating, which must be A- or better (or other equivalent rating).
20. 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 Repayment

21. The objective of the debt repayment policy is to ensure that the Council is able to repay debt on maturity with minimum impact on Council cash flows.
22. In evaluating strategies for new borrowing, the following considerations should be taken into account:
- Available terms from banks and the LGFA
 - Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time
 - Where a specific asset or group of assets is to be funded by the external borrowing, the term of the loan should not exceed to the expected useful life of the asset
 - Prevailing interest rates and margins
 - The market outlook on future credit margins and interest rates
 - Implied finance terms within specific debt or lease arrangements should be at least as favourable as the Council could obtain through other means
 - Legal documentation and financial covenants together with security considerations.
23. The Council will not enter into derivative financial arrangements, with the exception of interest rate cover, where appropriate.

Borrowing Limits

24. The Council will limit its borrowing such that all three of the following prudential limits 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.
25. Council must also comply with all relevant financial covenants/ratios (for example those imposed by the Local Government Funding Agency).

Security

26. The objective of the security policy is to ensure that the Council can provide suitable security to investors whilst retaining maximum flexibility and control over assets.
27. The Council will offer as a security for borrowing a charge over the Council's rates and rates revenue offered through a Debenture Trust Deed. The Council will not offer security over assets of the Council, except for 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.

Investment Policy

Objectives

28. The Council seeks to minimise the risks associated with its investments to avoid placing the capital value of individual investments at risk. The Council is risk averse and wishes to minimise risk from its investment activities, so it does not undertake any unnecessary or speculative investment activity across any asset types.
29. The Council's investment policy objectives are to:
- Manage short term cash flows in an efficient and prudent manner
 - Support the Council's liquidity requirements
 - Invest only in approved financial securities
 - Maximise income on investments approved within the policy
 - Minimise the risk of investments.



Investment Mix

30. 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 purposes and to further the achievement of community outcomes.
31. 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.
32. Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA) and may borrow to fund that investment. If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.
33. 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 only made to achieve a particular goal or objective.
34. As Council is risk averse, it prefers not to expose itself to the risks of equity or property assets unless these investments enable the Council to access and use specific services or achieve strategic and/or community outcomes. The purpose of Council's equity and property investments will be assessed every three years, including whether these investments should continue to be held.
35. 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.

Application of Revenue from Investment and Proceeds from Sale

36. Revenue from special funds and reserves is retained in that fund, unless the Council approves otherwise in the Long Term Plan or Annual Plan.
37. Revenue from the sale of investment property is retained in the Council's Major Projects Fund.
38. Revenue from the realisation of the forestry investment is retained in the Council's Major Projects Fund.
39. Revenue from sales of assets is either reserved or off-set for further asset acquisition.

Managing and Reporting on Investments

40. 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.
41. Regular financial reports to Council will provide a copy of the bank reconciliation and a list of investment accounts, amounts invested, and the banks in which those investments are held.
42. Given that the Council has only the forestry and two small equity investments, disclosure in the Annual Report on these items is sufficient for reporting to the Council.
43. The Council's forestry consultants provide annual reports to the Council on the forest valuation and calculations of the anticipated cash flows from harvest.

Risk Management

44. 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.
45. 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.
46. The Council will not generally invest surplus funds in equity investments due to the risks involved.
47. 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.



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.

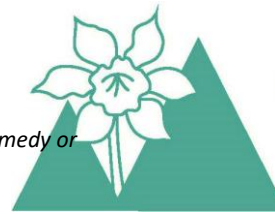
Where a financial contribution is required as a condition of a permitted activity or resource consent, the purpose, circumstances in which a contribution may be required, and the amount of that contribution are stated. For some types of contributions, a maximum contribution is specified to ensure such 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 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 penalty will be considered in anyone 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 establish that their payment has gone astray in the post 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 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 of penalty 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.

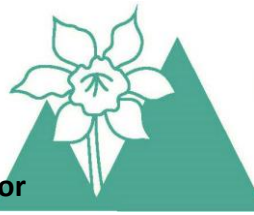
Delegation

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, and 100 percent of all rates for Rural Halls, to the Chief Executive and the Corporate Services Manager.

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

Objectives

- 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.



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.

Conditions and Criteria

Where:

- land under one rating unit has been subdivided into three lots or more, and
- title has been issued, and
- is owned by the original developer who is holding the individual titles

the following rates will be remitted on all unsold lots in the subdivision 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

- The ratepayer(s) must not own any other rating units or investment properties, whether in this district or another.

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. Such applications for postponement can include short-term deferred or reduced payment arrangements or longer-term deferred payment arrangements. Postponement does not diminish or defer liability for rates.

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.
- Where the ratepayer seeks a longer-term postponement, additionally:
 - The rating unit must be used solely for residential purposes and the ratepayer(s) must reside on the property.

Conditions

- Application must be in writing by the ratepayer(s) or by any authorised agent.
- Application for postponement of rates will only be considered from the beginning of the rating year in which the application is made.
- Application must identify the period of postponement sought.
- Application must identify the nature of the payment arrangement sought.
- 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.
- 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:
 1. The death of the ratepayer(s), or
 2. the ratepayer(s) ceases to be the owner or occupier of the rating unit, or
 3. the ratepayer(s) ceases to use the property as their residence, or
 4. 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.
- Under any longer-term postponement, 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 assist Māori to establish papakāinga housing on rural Māori freehold land.

- To recognise and take account of the importance of papakāinga housing in providing support for marae.
- 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:

- Part of the land is used for papakāinga and is subject to an occupation licence or other arrangement for the purposes of providing residential housing.
- 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.

The Council will decide what amount of rates will be remitted on a case-by-case basis.



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

While Councillors are elected to make decisions on behalf of their communities, engaging with the community is important to help the Council make informed decisions.

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

As well as the informal methods of engagement, 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.

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

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 is made up of two parts.

- Part 1 Significance - explains how decisions on significance will be determined and what happens when something is highly significant or not.
- Part 2 Engagement and Consultation - 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 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,—

- the current and future social, economic, environmental, or cultural wellbeing of the district or district:*
- any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:*
- 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 guide in the table below should be considered when assessing the degree of significance of proposals and decisions, and the appropriate level of engagement:



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 (e.g. 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 Māori
 - s82 Principles of Consultation.
- The report should recommend appropriate methods and extent of consultation and engagement, proportionate to the level of significance.

When Council may not engage

There are times when Council will not normally consult with the community because the issue is routine, operational or because there is an emergency. These may include:

- Emergency management activities, such as during a state of emergency
- Decisions that have to be made urgently where it is not reasonably practicable to consult
- Decisions to act where it is necessary to comply with the law
- Decisions that are confidential or commercially sensitive as prescribed under the Local Government Official Information Act 1987
- Organisational decisions (such as staff changes and operational matters) that do not materially reduce a level of service
- Decisions with regard to regulatory and enforcement activities
- Procurement and tendering processes
- Standards set by National Policy Statements
- Any decisions that are made by delegation or sub delegation to officers
- Any matter where the costs of consultation outweigh the benefits
- An issue where Council already has a good understanding of the views of the persons or community likely to be affected by or interested in the matter
- Where the matter has already been addressed by Council’s policies or plans, which have previously been consulted on
- Minor administrative changes to documents.

- Some decisions made by Council are bound by legislation. In these situations, Council must follow the law and cannot use a flexible consultation process with the community.
- Council will use the Special Consultative Procedure, or other statutory process as required.
- The method of engagement for matters that are determined to be significant will be decided on a case-by-case basis. For guidance and examples see Part 2 Engagement and consultation (following) and the Community Engagement Policy.

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	The public is empowered to make the decision



			maximum extent possible	
--	--	--	-------------------------	--

EXAMPLES OF ENGAGEMENT METHODS ← (additional activities, from left to right) →				
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

- 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.

Engagement with Māori

The Council is committed to developing and maintaining positive working relationships with mana whenua, taura here and Māori communities in the Carterton district. Council will actively provide opportunities for Māori to contribute to its decision making processes through:

- Recognising and protecting Māori rights and interests within Carterton District
- Providing early engagement with Māori in the development of plans, policies and decisions
- Taking guidance from Maōri in the ways Council will engage with them
- Supporting Maōri to fully engage with the Council, for example through but not limited to capability and capacity building.

Engagement principles

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



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 Local Government Act 2002) 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.
- Gambling Act 2003
- Waste Minimisation Act 2008

- Land Transport Act 1998.

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.

For the purpose of this Policy, Council considers its networks and other large assets as complete single assets. It is the group of assets as a whole that delivers the service.

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.



Decisions on transferring the ownership or control of strategic assets require the use of the Special Consultative Procedure.

Council does not expect to undertake engagement for decisions that relate to changes to a part of a strategic asset, unless that part substantially affects the level of service provided to the community.

In emergency situations alterations to strategic assets may be required without formal consultation to:

- Prevent an immediate hazardous situation arising, or
- Repair an asset to ensure public health and safety.