Policies and Statements

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Policy on Significance

1. Policy objective
To ensure the District's community has the opportunity to effectively participate in those decisions which significantly affect their lives or future.

2. General approach
The Council will consider each proposal or decision on a case-by-case basis to determine whether the decision or proposal is significant. In doing so, Council will have due regard to the statutory definition of significance and apply the criteria, thresholds and procedures set out in this policy.

Council will not make a decision on a matter it considers significant unless sections 76,77,78,80,81,82 and 97 of the Local Government Act 2002 have been appropriately observed.

Prior to delegating a decision on any specific matter to Council officers or committees, Council as a whole will consider the significance of the matter being delegated.

3. Criteria and thresholds
When undertaking a process to determine the extent to which issues, proposals, decisions or other matters are significant, Council will use the following thresholds and criteria:

3.1 Criteria
If a decision or proposal satisfies one or more of the following criteria, the matter is likely to have a high degree of significance and will constitute a significant decision:

3.1.1 The decision or proposal affects all or a large portion of the District in a way that is not inconsequential.

3.1.2 The decision or proposal relates to the acquisition or transfer of ownership or control of a strategic asset under Section 97 (b) and (c) of the Local Government Act 2002 as listed under Clause 5.1 of this Policy.

3.1.3 Residents and ratepayers have mandated Council's strategy with respect to the acquisition of reserves and decisions to purchase land holdings for the future recreational use of the public are not deemed to be significant under the criteria of this Policy on Significance. Council notes that the commercial nature and timing of such acquisitions precludes further consultation prior to decision-making.

3.2 Thresholds
Proposals or decisions, which are likely to have financial implications in excess of the following thresholds, will be treated as significant:

3.2.1 Decisions or proposals in excess of $5 million or which would result in a 5% or more increase in the annual District Rate.

3.2.2 Decisions or proposals which would result in a new or increased service charge of more than 10% of existing rates per property.

3.2.3 Decisions or proposals relating to capital expenditure in excess of $3 million (total project cost) which has not been provided for in the three-year term of the current Long Term Plan.

4. Procedures

4.1 Every report to Council must include a statement indicating that the issue of significance has been considered, with a recommendation to Council assessing the significance of the proposal or decision in accordance with this Policy on Significance and sections 76, 77, 78, 79, 80, 82 and 97 of the Local Government Act 2002.

4.2 Where a decision to initiate, process and/or adopt a change to the District Plan is considered significant in accordance with Council's Policy on Significance, the decision-making processes specified in Schedule 1 of the Resource Management Act 1991 are considered sufficient to comply with the decision-making requirements in the Local Government Act 2002.

5. Strategic assets

5.1 For the purpose of section 90(2) of the Local Government Act 2002, Council considers the following assets to be strategic assets:

5.1.1 The roading network as a whole.

5.1.2 Reserves listed and managed under the Reserves Act 1977.

5.1.3 Water reticulation network as a whole.

5.1.4 Wastewater plant and network as a whole.

5.1.5 Stormwater reticulation network as a whole.

*NOTE: **Significant** and **Significance** in other contexts:*
The Local Government Act 2002 uses the term significant and significance in a number of contexts. Unless it is inappropriate in the context, the criteria set out in this policy and in the statutory definitions will apply.

Statement on the development of Maori capacity to contribute to decision-making processes

Background

Part One (Clause 5) of Schedule 10 of the Local Government Act 2002 requires Council to identify any steps that will be taken to foster the development of Maori capacity to contribute to the decision-making processes of the local authority, over the period covered by the Long Term Plan.

1. General Position Statement

Council's Representation Strategy currently identifies two areas where Maori capacity to contribute is fostered :

1.1 The establishment and maintenance of the Maori Forum, which has been in place since 1990. This forum enables the District's nine iwi and, through them, 24 hapu, to have input into Council decision-making.

1.2 Council recognises that decision-making processes play an important part in the achievement of sustainable development, and this is supported by a set of decision-making principles. Strategy 3.1 (d) states:

"The need for community involvement - ensuring that all sectors and groups in our local communities are included and given the opportunity to participate in decisions that affect their lives".

This statement will be reviewed within the term of this Long Term Plan with a view to strengthening the capacity of Maori to contribute to decision-making processes.

Statement on SmartGrowth

SmartGrowth is a combined initiative with the three Western Bay councils (Western Bay of Plenty District Council, Tauranga City Council and Environment Bay of Plenty), tangata whenua and other key organisations to develop a long-term plan to manage growth in the subregion.

As a partner in SmartGrowth, Western Bay of Plenty District Council has agreed, along with the other partners, that it will not adopt policies or take actions that are inconsistent with the outcomes sought by SmartGrowth without full negotiation and acceptance by other partners.

A copy of the SmartGrowth document is available at ***www.smartgrowthbop.org.nz***

Partnerships with the private sector

1. Policy objective
To consider partnerships with the private sector to achieve identified Community Outcomes for the provision of infrastructure and/or services, where it is in the best interests of the community.

2. Criteria and conditions
Council will consider a partnership with the private sector to achieve Community Outcomes for any or all of the following reasons:

2.1 Criteria

2.1.1 To share appropriate levels of risk.

2.1.2 To facilitate effective and efficient service provision.

2.1.3 To provide access to capital.

2.2 Conditions
Any public/private sector partnership will be subject to the following conditions:

2.2.1 Private participation will be subject to a competitive tendering process with emphasis on transparency and disclosure of processes and outcomes, acknowledging the need to protect commercial confidentiality where appropriate.

2.2.2 Partnership proposals must meet public interest criteria with respect to other Council policies, accountability, equity, affordability, public access, consumer law, security and privacy rights.

2.2.3 Identified clear outputs, costs and performance standards.

2.2.4 All approved proposals will appropriately identify Council's partnership.

3. Consultation

3.1 Where the partnership proposal is deemed significant or of significance under the terms of Council's Policy on Significance, and has not been provided for in the adopted Long Term Plan, a separate community consultation process under section 83 of the Local Government Act 2002 will be undertaken.

3.2 Where the partnership proposal is not deemed to be of significance, consultation will be subject to sections 78 and 79 of the Act, and Council's adopted Policy on Consultation.

4. Risk management
Council will assess and manage the risks associated with a public private sector partnership by:

4.1 Identifying and mitigating any risks with respect to insurance, protection of intellectual property rights, health and safety, funding and environment.

4.2 All processes and contracts for the management of partnerships will be ISO9001 certified or certified by a similar quality control system.

4.3 All partnerships will be established under an agreed contractual instrument.

4.4 *Private sector financial or resource equivalent involvement will constitute not less than 25% of the total project cost.*

4.5 *The project will be subject to Council's approved audit procedures.*

5. Monitoring and reporting

Council will assess and monitor any public/private sector partnerships to ensure that funding and other resources are being used effectively and to ensure that desired Community Outcomes are achieved.

5.1 *Performance results will be reported to Council not less than twice each year.*

5.2 *Annual results will be reported in Council's Annual Report.*

Summary of Financial Contributions Policy

Background

Council is required under sections 102(4) (d) and 106 of the Local Government Act 2002 to either have a Development Contribution Policy or a Financial Contribution Policy under section 108(9) of the Resource Management Act 1991.

1. General Position Statement

Council's Financial Contributions Policy has been operative since 1991. The full policy is contained in the WBOPDC District Plan.

Within the last two years Council reviewed whether to retain a Financial Contributions Policy under the Resource Management Act or to move to a Development Contribution Policy under the Local Government Act 2002, and resolved to continue using a Financial Contributions Policy.

2. Summary of Financial Contributions Policy

2.1 Introduction

Growth in the District places significant pressure on Council to provide infrastructure at the appropriate levels of service. If growth is not managed in an integrated manner along with the provision of infrastructure, then the levels of service will fall short of the demands of growth and/or Council could be forced to spend funds in an unplanned, ad hoc and inefficient manner.

While it is acknowledged that development in the District has positive effects, it also has the potential to adversely affect the environment, including people and communities, in a range of ways. Some of these effects cannot be adequately avoided or mitigated on a site-by-site basis. Rather, they can best be addressed through the provision of new or improved infrastructure. In some parts of the District, the community has already provided infrastructure ahead of development, and measures to avoid or mitigate future effects are thus already in place.

Alternative means of funding the necessary additional infrastructure, such as by rates levied on existing properties and/or loans taken out by the Council, can place a disproportionate burden on the existing community, who are in effect being asked to subsidise growth and change. This may adversely affect the economic well-being of the existing community, and may not be sustainable. Conversely, new development should not subsidise activities that primarily benefit existing users. There needs to be an equitable sharing of costs between existing residents and new development.

2.2 Integrated growth management (Statutory Context)

Council undertakes the forward planning and review of infrastructure through the preparation and approval of the Long Term Plan. Implementation, monitoring and updating are carried out through separate processes such as the Annual Plan, Annual Report and individual consultation on various policies and action plans.

2.3 General approach to calculating financial contributions

Financial contributions in this plan are based on a buy-in to the surplus capacity of existing infrastructure and/or the payment of a contribution to development programmes involving the upgrading of existing infrastructure or the provision of new infrastructure, both of which allow for future development.

The level of financial contribution is generally set by carrying out projections of growth for various parts of the District, establishing the need for, and capital costs of, a service or facility for the planning period (including costs which have already been incurred in anticipation of growth) to service that growth, and then determining an equitable contribution.

Council has, or is preparing, infrastructure development programmes for urban growth areas within its District for water supply, wastewater, stormwater and urban roading. The works will be identified in urban growth structure plans made operative under this plan. The cost of these works will then be identified in Council's Long Term Plan and Annual Plan and will be used in calculating the financial contributions.

For the rural area of the District, its size and the unpredictability of the location of growth makes it difficult to implement planned infrastructure development programmes. Rather than restrict growth, the Council wishes to provide for it in a responsive manner. Development in the rural area will be subject to financial contributions that have been developed on a broader catchment or District-wide basis. Infrastructure provision or upgrades will be implemented through approved infrastructure development programmes and based on criteria that are triggered by actual growth.

Because subdivision is generally a precursor to further development and intensification of the use of land, financial contributions are generally assessed at the time of subdivision, with payment to be made in accordance with standard consent conditions. Financial contributions also may apply to land use changes where the new activity has a potential future impact on infrastructure.

As part of its Annual Plan process, Council may resolve to reduce or waive any particular financial contribution that would normally be charged during that year.

Such resolution will be recorded in the Annual Plan. This will be done only where it is shown that wider community detriment would be likely to occur if full financial contributions are charged. Such a community subsidy is intended to be applied only where a clear net disbenefit to the community concerned would otherwise occur.

Financial contributions are assessed at the time that a resource consent for a subdivision, development or new activity is granted, and are paid directly to the Council as the relevant condition of consent provides.

Specifically, financial contributions for recreation, roading and ecological protection are based on future capital expenditure requirements. Financial contributions for water, wastewater and stormwater are based on recovery of the value of existing surplus capacity, plus the value of additional capacity for future dwellings.

Development Contribution Policy - Pyes Pa West

Where the subdivision is in the Pyes Pa West urban growth area residential zones only, development contributions required to be paid for land to be developed by one developer comprising an aggregate area of 100 hectares or more, may be paid by way of cash or the equivalent value in land or works, or by a combination of these methods to the extent required to complete the projects identified in the Services Project Schedules: Pyes Pa West.

Treasury Policy

(including Liability Management Policy and Investment Policy)

1. Policy objective

Council has Treasury risks arising from debt raising, investments and associated interest rate management activity.

Council's broad objectives in relation to Treasury activity are:
- Compliance with the Local Government Act 2002.
- Develop and maintain professional relationships with the financial markets.
- Invest surplus cash in liquid and creditworthy investments.
- Raise appropriate finance, in terms of both maturity and interest rate.
- Manage the overall cash position of Council's operations.

2. General approach

2.1 Council is a risk-averse entity and does not wish to seek risk from its Treasury activities.

2.2 Activity which may be construed as speculative in nature is expressly forbidden.

2.3 Council manages both liabilities and cash investments through an internal treasury activity. Funds are advanced by the Treasury activity for a specific period. Loans are repaid to the Treasury activity based on standard loan lives, depending on the useful life of the assets.

2.3.1 Interest for loans are based on Council's weighted cost funds.

2.3.2 Interest is credited to activities based on investment rates.

3. Liability Management Policy

3.1 Council approves borrowing by resolution during the Annual Planning process.

3.2 Council raises borrowing for the following primary purposes:

4.4.3.1 General debt to fund Council's Balance Sheet.

4.4.3.2 Specific debt associated with "special one-off" projects and capital expenditure.

4.4.3.3 To fund assets with inter-generational qualities.

3.3 Specific borrowing limits

In managing borrowing, Council will adhere to the following limits:
- The gross interest expense of all external borrowings will not exceed 15% of total revenues.
- The gross interest expense of all borrowings will not exceed 20% of annual rates revenue.
- Net cashflows from operating activities exceed gross annual interest expense by at least 2 times.
- Liquid ratio of 1:1.
- Current ratio 1.25.

"Income" is defined as earnings from rates, government grants and subsidies, user charges, interest and other revenue.

"Rates" is defined as all income under the Local Government Act Rating 2002, excluding rates collected on behalf of the Bay of Plenty Regional Council.

3.4 Liquidity and credit risk management

3.4.1 Council's ability to readily attract cost-effective borrowing is largely driven by its ability to maintain a strong balance sheet, as well as its ability to rate, manage its image in the market and its relationships with bankers. Where possible Council seeks a diversified pool of stock and bank borrowing and ensures that bank borrowings are only sought from the approved list of registered banks

3.4.2 To minimise the risk of large concentrations of debt maturing or being reissued in periods where credit margins are high for reasons within or beyond Council's control, Council ensures debt maturity is spread widely over a band of maturities. Council manages this specifically by ensuring that:

- *No more than 35% of total borrowing (or $10 million, whichever is the higher) is subject to refinancing in any financial year. Total borrowing includes any forecast borrowing.*
- *Term debt and committed debt facilities must be maintained at an amount that averages 115% of projected peak net debt levels required over the next two years.*

3.5 Risk recognition

- *Local government risk is priced to a higher fee and margin level.*
- *The Council's own credit standing, or financial strength as a borrower, deteriorates due to financial, regulatory or other reasons.*
- *A large individual lender to the Council experiences their own financial/exposure difficulties, resulting in the Council not being able to manage their debt portfolio as optimally as desired.*
- *New Zealand investment community experiences a substantial "over supply" of Council investment assets.*

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time. This is so that if any of the above events occur, the overall borrowing cost is not unnecessarily increased, and the desired maturity profile is not compromised due to market conditions.

3.6 Liquidity/funding risk control limits (borrowings)

3.6.1 Term debt and committed debt facilities must be maintained at an amount that averages 110% of projected peak net debt levels over the next year (per long term cash and debt forecasts).

3.6.2 Disaster recovery requirements are met through the liquidity ratio.

3.6.3 The maturity profile of the total committed funding in respect to all loans and committed facilities, is to be controlled by the following system:

Period	Minimum	Maximum
0 to 3 years	0%	50%
3 to 5 years	20%	60%
5 years plus	10%	60%

A maturity schedule outside these limits requires specific Council approval. A 12-month phase-in, non-compliance period is permitted.

3.7 Interest rate risk management

Council's borrowing gives rise to direct exposure to interest rate movements. Generally, given the long-term nature of Council's assets, projects and inter-generational factors, and Council's preference to avoid an adverse impact on rates, there is a general tendency to have a high percentage of long-term fixed rate or hedged borrowing.

3.8 Approved financial instruments

Dealing in interest rate products must be limited to financial instruments approved by the Council.

Category	Instrument
Cash management and borrowing	Bank overdraft. Committed cash advance and bank accepted bill facilities (term facilities).
	Uncommitted money market facilities. Stock / Bond issuance.
Interest rate risk management	Forward rate agreements ("FRA's") on: - Bank bills - Government bonds.
	Interest rate swaps including: - Forward start swaps (start date <24 months) - Amortising swaps (whereby notional principal amount reduces).
	Interest rate options on: - Bank bills (purchased caps and one for one collars) - Government bonds.
	Interest rate swaptions (purchased only).

Any other financial instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved.

3.9 Interest rate risk control limits

3.9.1 Debt/borrowings

Council debt/borrowings/financial risk management instruments must be within the following fixed/floating interest rate risk control limit:

Master Fixed/Floating Risk Control Limit	
Minimum Fixed Rate	**Maximum Fixed Rate**
50%	95%

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

3.9.3 *"Floating Rate" is defined as an interest rate repricing within 12 months.*

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

Fixed Rate Maturity Profile Limit		
Period	**Minimum Cover**	**Maximum Cover**
1 to 3 years	20%	50%
3 to 5 years	20%	50%
5 plus years	10%	60%

3.9.5 *The percentages are calculated on rolling 12-month projected net debt plus percentage of specific projects as approved by the Risk Management Sub-Committee.*

3.10 Loan payments

External loans are repaid on due date. The length of external loans are based on projected internal loans and cash requirements.

4. Investment Policy

4.1 Council maintains investments in the following financial assets:

- Equity investments including shareholdings and loan advances to trading and service enterprises, charitable trusts and incorporated societies - e.g. sporting and community organisations.
- Property investments, including land and buildings.
- Treasury instruments incorporating longer term and liquidity investments.

4.2 Equity investments and loan advances

Investments include shareholdings in trading and service enterprises and loan advances to charitable trusts, incorporated societies, residential and rural housing which are consistent with Council's Long Term Council Community Plan. Council operates an internal borrowing system for funding infrastructural improvements as well as funding current accounts. This information is reported to the Treasury Management Sub Committee on a quarterly basis.

Advances and loans are only provided to organisations where Council has significant interest. In default, the assets of the organisation may not revert to Council, however personal guarantees are obtained from the principals of the organisation.

4.3 Property investments

Council's overall objective is to only own property that is necessary to achieve its outcomes.

Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results.

However from time to time Council may own property solely for investment purposes.

4.4 Treasury investments

Council maintains treasury investments for the following primary reasons:

- Provide ready cash in the event of a natural disaster. This cash is intended to bridge the gap between the disaster and the reinstatement of normal income streams and assets.
- Invest amounts allocated to accumulated surplus, Council created and restricted reserves, sinking funds and general reserves.
- Invest funds allocated for approved future expenditure, to implement strategic initiatives or to support intergenerational allocations.
- Invest proceeds from the sale of assets.
- Invest surplus cash, and working capital funds

4.4.1 Treasury investment objectives

Council's primary objective when investing is the protection of its investment. Accordingly, only creditworthy counterparties are acceptable.

Council also seeks to:

- Maximise investment return.
- Ensure investments are liquid.
- Manage potential capital losses due to interest rate movements if investments need to be liquidated before maturity.

4.4.2 Credit risk is minimised by limiting investments to registered banks, strongly rated SOEs, and corporates within prescribed limits.

4.4.4 Liquidity risk is minimised by ensuring that all investments must be capable of being liquidated in a readily available secondary market. Where practical, Council maintains $1 million of its investments with a maturity less than one year.

4.5 Interest rate risk management

Council's investments give rise to a direct exposure to a change in interest rates, impacting the return and capital value of its fixed rate investments.

Interest rate risk will be managed by reviewing rolling cashflow forecasts and using risk management instruments to protect investment returns and or to change interest rate and maturity profile.

4.6 Sinking funds

Under the Local Government Act 2002, the Council is not required to use specific borrowing mechanisms and therefore Council uses its discretion in determining whether a sinking fund mechanism is appropriate.

4.7 Acquisition and disposal of assets

Any disposal of assets requires the approval of Council except those assets within delegated authority.

4.8 Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where Council is a party. The credit risk to Council in a default event will be weighted differently depending on the type of instrument entered into.

Council will regularly review credit risk. Treasury related transactions would only be entered into with organisations specifically approved by Council.

Counterparties and limits can only be approved on the basis of long term credit ratings (Standard and Poor's or Moody's) being A- and above.

4.9 *Council is not a long-term investor in Treasury instruments.*

4.10 *The following matrix guide will determine limits:*

4.11 Security

Counterparty	Minimum long term credit rating - stated and possible	Investments maximum per counterparty ($m)	Interest rate risk management instrument maximum per counterparty ($m)	Total maximum per counterparty ($m)
NZ Government	A-	unlimited	none	unlimited
State-owned enterprises	A-	5.0	none	5.0
NZ registered banks	A-	10.0	10.0	15.0
Corporate bonds	A-	2.0*	none	2.0
LABT		2.0	none	2.0
Local Government Finance Corporation		2.0	none	2.0
Local Government Stock	A- (if rated) Unrated	2.0 0.5	none none	2.0 0.5

Generally, Council does not offer assets or deemed rates as security for general borrowing programmes.

In some circumstances, with prior Council approval, security may be offered:
- *On borrowings by granting a rates charge under the Council's Debenture Trust Deed.*
- *By providing a charge over one or more of the Council's assets.*

4.12 Repayment

The Council repays borrowings from the specific sinking fund allocated to that borrowing or from general funds.

4.13 Contingent liabilities

Council from time to time provides financial guarantees to recreation and service organisations. Where possible Council shall obtain cross guarantees. Management ensures that the business plan of the guaranteed party furthers the strategic objectives of Council and that financial statements are received on a regular basis. Should the guarantee be called up, Council will take immediate steps to recover the money.

5. Foreign Exchange Policy

Council has foreign exchange exposure through the occasional purchase of foreign exchange denominated plant, equipment and services.

Generally, all significant commitments for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved. Council uses both spot and forward foreign exchange contracts. All commitments for foreign exchange over $10,000 are to be hedged.

The use of other foreign exchange risk management products is not permitted.

Rates Policies

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Early payment of rates in current financial year

1. Policy objective

To provide an incentive for the early payment of rates.

2. General approach

Council recognises the cash flow advantage, which results from early payment of rates and offers a discount to encourage this outcome. This discount is to be set each year through the annual planning process.

3. Criteria

3.1 Current year rates must be paid by the discount date specified in the rates assessment resolution of Council.

4. Procedures

4.1 To qualify for the discount provisions, all prior year rates must have been paid.

Policy for early payment of rates for subsequent financial year (discount for future years' rates)

1. **Policy objective**
   To provide ratepayers with the option of paying for rates for capital projection either now or in the future.

2. **General approach**
   Council recognises that some ratepayers prefer to pay a lump sum for capital projects rather than pay increased rates, and that the early payment of rates benefits Council, in terms of cash flow, and the reduction in total debt.

   To achieve the equity and fairness Council will apply this policy only for a period for which interest rates have certainty for that period.

3. **Criteria**

   3.1 The early payment discount will only apply for

   3.1.1 Capital rates.

   3.1.2 For a period set in the Annual Plan or Long Term Plan.

   3.2 The rates must be paid by a date specified in the Annual Plan.

   3.3 Council reserves the right where additional rates are required during the period to reassess that rate due.

   3.4 The discount amount will equal Council's estimated weighted cost of interest over the period.

4. **Procedures**
   The ratepayer must notify the Council on the application form prior to 1 July of the year the capital rate is due.

Rates remission on land covenanted for the protection of natural environments

1. **Policy objective**
   To encourage the conservation of natural environments.

2. **Criteria**
   Ratepayers who own rating units and qualify either under criteria 2.1 or 2.2 may receive remission of rates on that portion of their property covenanted or designated as a protection lot:

   2.1 Rating Units with a Queen Elizabeth II Trust Covenant:
   The area of the property used for the purposes of the Queen Elizabeth II Trust covenant is defined as that portion of the property set aside and protected. This area excludes any curtilage and any area not used for environmental protection purposes.

   2.2 Rating Units with Protection Lots defined by the subdivision rules of Council's District Plan.

3. **Procedure**

   3.1 Ratepayers may apply on completion of a covenant with the Queen Elizabeth II Trust and thereafter remission will be automatic.

   3.2 Rating Units with Protection Lots will automatically receive rates remission on the protected lot.

Rates relief and postponement on Maori freehold land

1. Policy objectives

In consideration of those matters under section 108(4) of the Local Government Act 2002, Council's policy objective is:

1.1 To recognise the special issues associated with the ownership of Maori freehold land by providing for rates relief and postponement subject to the criteria and conditions of this policy. Maori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Maori Land Court.

2. General approach

The above objective has been considered and Council's policy response is provided for in the following sections.

Only land that is:

a) defined as Maori freehold land (LGA 2002); or

b) by Council agreement, former Maori freehold land whose status changed to general land by the 1967 Status Declaration legislation may qualify for remission under this policy.

3. Criteria and conditions

3.1 Rates arrears may be remitted or postponed on satisfaction of the following criteria:

3.1.1 Maori freehold land under the Local Government (Rating) Act 2002.

3.1.2 An identified owner or agent of owner to be recorded on the rating records pursuant to section 92 Local Government (Rating) Act 2002.

3.1.3 Presentation of annual accounts and cash flow statements prepared by qualified persons where required.

3.1.4 By negotiating;

a) appropriate remission of penalties.

b) postponing and progressively writing off arrears over a maximum of five years, where the block can only meet current rates.

3.2 Economic development

For the purpose of economic development, negotiations may be entered into with trustees on the following basis to encourage development because of the lack of the ability to borrow.

3.2.1 The maximum rates to be written off are:

Year 1 - Not more than 80% written off in year one.
Year 2 - Not more than 60% written off in year one.
Year 3 - Not more than 40% written off in year one.
Year 4 - Not more than 20% written off in year one.
Year 5 - Full rates payable in year five.

3.2.2 All economic development applications to provide the following evidence:

a) A 5-year projected cash flow prepared by a suitably qualified person.

b) The projected cash flow to show an increase in the annual cash surplus over the period.

c) An agreement by the Maori Rates Working Party, that the projected cash flow is realistic and can be achieved.

3.2.3 Rates to be remitted on an annual basis, subject to the following information being provided annually.

a) Annual accounts, prepared by qualified person.

b) Cash flow for remaining years of write-off proposal.

c) Report from owners/trustees.

3.3 *Avoiding alienation of Maori land - specifically small, unproductive and unoccupied blocks*

3.3.1 Where blocks are small, unproductive and unoccupied, lists of owners, trustees and title details shall be obtained from the Maori Land Court and inspected to confirm:

- The land is currently idle.

- There is no immediate possibility of development.

Contact shall be established with owners or trustees to discuss and negotiate options for the payment and remission of rates.

3.3.2 Blocks considered to be too small to be productive and unoccupied as determined by the Maori Rates Working Party, shall be placed on the Annual Remission List (see 4 below).

3.4 *To support the traditional use of dwellings on part of multiple-owned Maori land and to recognise the level of community services provided.*

3.4.1 Where there is more than one dwelling on the land, apportionments may be created for the occupiers;

- based on the area occupied and with the written consent of the trustee or occupier.

3.4.2 Rates may be negotiated as follows:

- Where there can be no further dwellings, then all rates shall be apportioned equally between the occupiers of the land.

- Where the land is not built out and such apportioning is not appropriate, then a separate apportionment shall be created for the residue.

- Where such residue is deemed to be uneconomical, it shall be placed on the Annual Remission List, (see 4 below) until such time the whole of the land becomes fully utilised.

3.4.3 Rate remission may be negotiated as follows:

- Postpone the debt, subject to the payment of current rates.

- All penalties on the postponed amount shall be waived.

- The debtor's instalments must at minimum, meet current rates.

- Should payments meet requirements for a period of three years, all arrears may be remitted.

3.5 *Relationship of Maori with their culture, traditions and ancestral lands*

3.5.1 Where blocks are situated wholly or partially on multiple-owned Maori land they may be placed on an Annual Remission List subject to one or more of the following criteria being met;

- Unoccupied.

- Contains indigenous forest of high ecological value.

- A traditional and important food source for tangata whenua.

- A traditional and important source for cultural, medicinal and spiritual needs of tangata whenua.

- Strong spiritual and symbolic significance to iwi/hapu/whanau.

- Important source of cultural materials and medicines.

- Includes important tribal landmarks significant to tangata whenua.

- Important water catchment system to tangata whenua for sustaining physical and spiritual values.

3.5.2 Where part of the land is deemed to be in bush, the following will apply:

a) Identification, as provided above and below, and calculation of the affected area shall be carried out.

b) Rates payable on the balance portions shall be current or comply with other provisions of the policy.

3.5.3 Council will also take into consideration whether the land:

a) Has road access and/or access to other services.

b) Is contiguous with forest reserves.

c) Is complementary to Marae Reserve Areas.

d) Is high land or dispersed blocks of bush land.

e) Offers protection of low land development and investment in roads.

f) Complements water catchment areas.

g) Enhances wildlife areas.

3.5.4 Each block shall meet a robust identification process which will include photographs and valuation data.

3.5.5 Each block shall be checked every four years to verify the land use has remained the same and a Bush Lots Register shall be maintained for the purposes of the policy.

3.5.6 Further Condition
Upon written application, and/or in the Council's view all the conditions of the conditions are met.

4. Procedures

4.1 *Annual Remission Lists shall be submitted to Council at the end of each rating year.*

4.2 *Blocks shall be researched to confirm that they meet the following criteria before being placed on the Annual Remission List:*

a) Unoccupied and too small for economic development.

b) Multiple owners with no trust in place to administer such land and whereabouts of such owners may be unknown.

c) No ability to raise finance to develop such land for residential/papakainga purposes.

4.3 Delegated authority

4.3.1 Chief Executive.

4.3.2 Maori Rates Working Party.

4.4 Maori Rates Working Party

shall be a sub committee of Council and comprise;

- Three councillors nominated after triennial elections.

- Two staff appointed by the Chief Executive Officer who have the following roles:

a) To review that the financial information presented to the Working Party is realistic and to ensure that proposals are in Council's financial interest.

b) To act as an advocate for the iwi.

4.5 *A staff group shall be available to support the operation of the Maori Rates Working Party.*

The Maori Rates Working Party shall have delegated authority to remit or postpone rates on:

- Maori freehold land.

- Former Maori freehold land whose status changed to general land by the 1967 Status Declaration legislation.

a) where in their opinion land utilisation and viability can be improved or Council's rate equity in the property improved, OR

b) where land is being developed by the owners through a properly constituted trust or similar body whose function is to develop the land.

And it shall approve new properties for inclusion on any annual Remission List.

4.6 Delegation to staff

Delegations to staff will be made by separate resolution of Council.

Rates Postponement Policy

1. Policy objective

To provide relief to ratepayers experiencing hardship from extreme financial circumstances affecting their ability to pay rates.

2. General approach

Only rating units defined as residential and used solely for residential purposes (as defined by Council) will be eligible for consideration of rates postponement under the conditions and criteria of this policy.

3. Criteria and conditions

3.1 Criteria

3.1.1 When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.

3.1.2 Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement on the basis of extreme financial circumstances. The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application.

3.1.3 The person entered on Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the District or in another district).

3.1.4 Consideration will also be given to postponing additional rate penalties for a period of up to 5 years to enable the ratepayer to clear rating debit, at the discretion of Council.

3.2 Conditions

3.2.1 The applicant must have sufficient equity in the property to protect Council's projected rating interest in that property.

3.2.2 Before approving an application Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.

Any postponed rates will be postponed until:

a) The death of the ratepayer(s); or

b) Until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or

c) Until the ratepayer(s) ceases to use the property as his/her residence; or

d) Until a date specified by Council.

Council may charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year.

Even if rates are postponed, as a general rule the ratepayer will be required to pay the first $500 of the rate account.

The policy will apply from the beginning of the rating year in which the application is made, although Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates may be registered as a statutory land charge on the rating unit title. This means Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

4. Procedures

4.1 *Applications must be on the required form.*

4.2 *Council will consider, on a case by case basis, all applications received that meet the criteria set out under part 3 of this policy.*

4.3 *Council may delegate authority to approve applications for rates postponement to particular officers.*

Rates Postponement Conversion Policy

1. Policy objective

To give ratepayers a choice between paying rates now or later subject to the full cost of postponement being met by the ratepayer and Council being satisfied that the risk of loss in any case is minimal.

2. General approach

Only rating units defined as residential and used for personal residential purposes by the applicant(s) will be eligible for consideration of rates postponement under the criteria and conditions of this policy.

Current and all future rates may be postponed indefinitely if at least one ratepayer (or, if the ratepayer is a family trust, at least one named occupier) is 65 years of age or older. In other cases, current and all future rates may be postponed to a date not more than 15 years from 30 June in the rating year in which application is made.

Owners of units in retirement villages will be eligible provided that Council is satisfied payment of postponed rates can be adequately secured.

Council will add to the postponed rates all financial and administrative costs to ensure neutrality.

Council will establish a reserve fund out of which to meet any shortfall between the net realisation on sale of a property and the amount outstanding for postponed rates and accrued charges, at the time of sale. This will ensure, that neither the ratepayer(s) nor the ratepayer(s') estate will be liable for any shortfall.

3. Criteria and conditions

3.1 Criteria

3.1.1 Eligibility
Any ratepayer is eligible for postponement provided that the rating unit is used by the ratepayer for personal residential purposes (which includes, in the case of a family trust owned property, use by a named individual or couple).

3.1.2 Risk
Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible. To determine this, an actuary has been engaged to develop a model that will forecast expected equity when repayment falls due.

3.1.3 Insurance
The property must be insured for its full value and evidence of this produced annually.

3.2 Conditions

Any postponed rates (under this policy) will be postponed until:

a) The death of the ratepayer(s) or named individual or couple; or
b) Until the ratepayer(s) ceases to be the owner or occupier of the rating unit (if the ratepayer sells the property in order to purchase another within the Council's District, Council will consider transferring the outstanding balance, or as much as is needed, to facilitate the purchase, provided it is satisfied that there is adequate security in the new property for eventual repayment); or
c) Until a date specified by Council.

Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year.

The financial cost will be the interest Council will incur at the rate of Council's cost of borrowing for funding rates postponed, plus a margin to cover other costs (these will include Council's own in-house costs, a 1% p.a. levy on outstanding balances to cover external management and promotion costs, and a reserve fund levy of 0.25% p.a., and a contribution to cover the cost of counselling).

To protect Council against any suggestion of undue influence, applicants will be asked to obtain advice from an appropriately qualified and trained counsellor. A counsellor's certificate confirming this, will be required before postponement is granted.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

4. Review or suspension of policy

The policy is in place indefinitely and can be reviewed subject to the requirements of the Local Government Act 2002 at any time. Any resulting modifications will not change the entitlement of people already in the scheme. This includes the suspension while the ratepayers having to pay future rates but not previously postponed rates, until the ratepayer is required under 3.2 to make payment.

Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in Council's rating information database.

The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

5. Procedures

5.1 Applications must be on the required form which will be available from any Council office.

5.2 The policy will apply from the beginning of the rating year in which the application is made although Council may consider backdating past the rating year in which the application is made depending on the circumstances.

5.3 Council notes that recipients may also benefit from other schemes.

Remission of rates penalties

1. Policy objective

To fairly and reasonably apply penalties to rates received after the due penalty date resulting from circumstances outside the ratepayer's control.

2. Criteria and conditions

2.1 Criteria

2.1.1 Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption. Remission will be considered in the case of death, illness, or accident of a family member, within 60 days of the due date.

2.1.2 Excellent payment history, with no penalties incurred within the previous five years.

2.1.3 Remission of penalties will be on the basis of good economics.

2.1.4 Remission of the penalty will be granted if the ratepayer is able to provide evidence that their payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control.

2.2 Conditions

2.2.1 Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.

3. Procedures

Decisions on remission of penalties will be delegated to officers by separate resolution of Council.

Rates remission on rating units re-zoned at the instance of Council

1. Policy objective

To ensure that owners of rating units that Council has rezoned can maintain their existing rating category of Residential, Rural, Commercial or Industrial until the property in question is on-sold or otherwise alienated.

2. Criteria and conditions

2.1 Criteria

To qualify for remission under this part of the policy the rating unit must:

2.1.1 Be situated within an area of land that has been rezoned at the instance of Council for a use that would require the owner of the property to pay more rates.

2.2 Conditions

2.2.1 The application for rate 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 backdated.

3. Procedures

The remission will take the form of a special rateable value, based on the actual usage of the property, as approved to its zoned usage.

3.1 Applications must be made on the required form.

3.2 If an application is approved the Council will direct its valuation service provider to inspect the rating unit and prepare a special rating valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the District. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the valuation service provider's decision is final as there are no statutory right of objection or appeal for values done in this way.

Rates remission of Uniform Charges

1. Policy objective

To apply rating policy with respect to Uniform Annual Charges on a fair and equitable basis to ratepayers.

2. General approach

Rating units that meet the criteria under this policy may qualify for a remission of Uniform Annual General Charges and any targeted rate set on the basis of a fixed dollar charge per rating unit.

3. Criteria and conditions

3.1 Criteria

3.1.1 Units must be on land which is contiguous and used as a single entity.
The rating units must be owned or leased (or for a term of not less than three years) by the same ratepayer.

3.1.2 No remission will be granted on targeted rates for water supply, sewage disposal or refuse collection.

3.2 Conditions

3.2.1 The ratepayer will remain liable for at least one set of each type uniform of uniform charge.

4. Procedures

4.1 *Applications must be made in writing.*

4.2 *Council will delegate authority to consider and approve applications to Council officers.*

Rates Remission Policy for land owned and used by a society or association of persons for games or sports (except galloping races, harness races or greyhound races)

1. Policy objective

To allow sports clubs (and other similar organisations) the ability to claim a 50% discount on rates payable (excludes service charges).

2. General approach

Council recognises that sports clubs provide social and health benefits to their community and are therefore prepared to assist them with their payment of rates.

3. Criteria and conditions

3.1 The land is owned and used by a society or association or persons for games or sports.

3.2 The land is not used for galloping races, harness races or greyhound races.

3.3 Where a club licence under the Sale of Liquor Act 1989 is in force, Council will be entitled to separately value that portion of the property and charge full rates on it.

4. Procedures

4.1 The ratepayer must notify Council in writing of its status prior to the commencement of the rating year.