



Gisborne District Council

Our **2009-2019 TEN YEAR PLAN**

Volume Two
COUNCIL POLICIES



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Revenue and Financing Policy

GENERAL

The Local Government Act 2002 (Section 101(1)) requires that Council manage its revenues, expenses, and other financial responsibilities in a prudent manner and in a way that promotes the current and future interests of the community. Council will comply with all statutory requirements and its financial management responsibilities in accordance with generally accepted accounting practice.

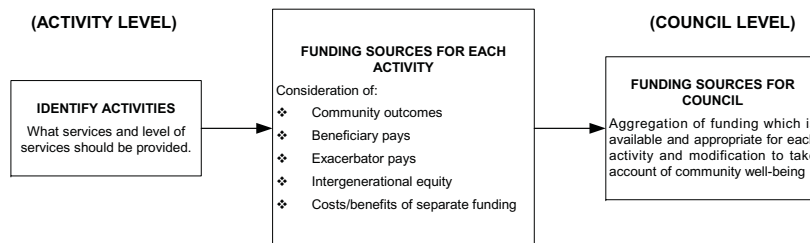
Council's Revenue and Financing Policy (under sections 102(4) and 103 of the Local Government Act 2002) is outlined below.

The decision-making process required to adopt a revenue and financing policy is set out in the Local Government Act 2002, Sections 76 to 82.

In essence the process involves determining:

1. In relation to each activity to be funded (under section 101(3)):
 - ▶ the community outcome to which the activity primarily contributes
 - ▶ the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
 - ▶ the period in or over which those benefits are expected to occur
 - ▶ the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
 - ▶ the costs and benefits including consequences for transparency and accountability of funding the activity distinctly from other activities.
2. The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community.

The diagram below illustrates the process of creating a Revenue and Financing Policy.



A significant change brought about by the Local Government (Rating) Act 2002, concerned properties with more than one dwelling or separate business unit per rating unit. The legislation allows for each "separately used or inhabited part of a rating unit" to be charged a Uniform Annual General Charge (UAGC) and Targeted Rate (where applicable).

Council adopted a policy on 18 December 2003 to charge each separately used and inhabited part of a rating unit, and this was implemented on 1 July 2004. The definition on what constituted a "separate part" was improved upon and incorporated as an amendment to the 2006-2016 LTCCP on 29 June 2008.

FUNDING MECHANISMS

The following paragraphs provide some simple definitions of the different funding mechanisms. In deciding how Council's activities may be funded, Councillors have a number of choices. They can decide to obtain the funds from any one or more of the following sources, and the choice will be different for each Council Activity:

Uniform Annual General Charges ■ Some of Council's services are more related to the existence of a property or a household than to Land or Capital Value. In these cases, Council applies a fixed charge per property. Examples are Public Toilets, Civil Defence and Litter Bins in Public Areas.

NOTE that the profits from the commercial activities, are applied to offset part of the cost of UAGCs. Thus, whenever a UAGC charge is stated, the amount charged to the ratepayer

has been reduced by about 12.78%, being the income from the commercial activities.

Individual rate contributions for 2009-10 are estimated to be:

Airport	\$49,725
Parking	\$458,682
Petrol Tax	\$310,500
Holiday Park	\$188,161
VTS	<u>\$514,696</u>
	\$1,521,764

General Rate ■ These are rates which are directly related to the value of the property, and are more like a tax than a charge for services. They are charged as a "rate in the dollar" of Capital Value.

Sometimes the general rate might pay for those items for which costs could be considered to increase with the amount of property owned. At other times the General Rate pays for those things for which there is no identifiable user or group of users.

NOTE that investment income and some profits from the sale of commercial assets, are applied to offset part of the General Rate. Thus, whenever a General Rate charge is stated, the amount charged to the ratepayer has been reduced by about 25% of the general rate (based on an expected farm dividend of \$1M in 2009-10).

Targeted Rate - Fixed ■ Fixed Targeted Rates are rates which apply in specific areas, and you pay them if you have access to the service. Ratepayers who do not have access to the service consequently don't pay. Examples are Water Rates, Refuse Collection Charge and Septage Charges.

Targeted Rates - Variable ■ Variable Targeted Rates also only apply if your property is in the area to which they apply, but they are based on the value or size of your property. Examples are Flood Control rates (based on capital value) or Drainage rates (based on the area of your property).

Targeted Rates – Differential ■ Sometimes a targeted rate, whether it be fixed or variable, needs to be adjusted according to some usage criterion, or to a particular location where the activity is used. This is called a “Differential Targeted Rate”, and applies to some activities like Parks and Reserves or Rural Fires.

A Mixture of Several Types of Funding

Sometimes activities are not funded by rates or property taxes at all. Examples of non-rate funded income are:

Subsidies and Grants ■ An example is the 69% subsidy Government provides through NZTA for road maintenance.

Fees and Charges ■ If the user of the service can easily be identified, and if there is clear private benefit of a service, a fee can be collected directly from the user. Examples are Building Consents, Hire of CDs from the Library, Dog Licences.

Revenue from Interest and Dividends ■ Council receives interest on funds invested or investments and may receive dividends from its Council Controlled Organisations or any other shares in companies. Generally these are consolidated through the Council’s Treasury account. However, in the special case of the dividends from Council’s farming operations, the income is used to reduce the General Differential Rate items.

Borrowings ■ Council can choose to borrow the money and pay it back from rates or other income over a period of time.

Capital Realisation ■ Money gained through sale of assets.

Reserves ■ Money set aside in holding accounts for specific purposes – for example, if the rent from community housing is more than the cost of running the community housing, the surplus is placed in a reserve account, which may only be used for some project to do with community housing.

DIFFERENTIALS

In past years, Council has had six rating areas, and has charged different rates-in-the-dollar to each area.

In considering the distribution of costs, particularly in relation to rating on a capital value basis, in far fewer cases could Council argue that there was any case for retaining differential areas. Many of the rates in the funding policy are therefore “Undifferentiated”, or sometimes differentiated in terms of “Inner Zone” and “Outer Zone” only.

There are several cases where full differentials have been retained, and these are generally classified as targeted rates. These are:

▶ **Road Maintenance and Construction**

Land-use differentials have been introduced for road maintenance, where Residential has a weighting of 1.0; Pastoral and Horticultural have a weighting of 1.5, Commerce and Industry has a weighting of 2.0 and Forestry has a weighting of 4.0.

▶ **Large Industry**

Where the ratio of Capital Value to Land Value exceeds 8.88 it was noted that there was an enormous transitional rate, which was seriously affecting some of the district’s significant employers.

There was a case for industry rates in general to increase – in some cases residential rates were higher than industry rates - but the magnitude of the increase was beyond what Councillors considered reasonable. For properties with a CV to LV ratio in excess of 8.88 Council introduced a 50% discount on the General Rate component.

▶ **Soil Conservation, Water Resources, Stock Control, Rural Fires** and one or two other activities were considered to have a different fall of expenditure between properties in the vicinity of the city, and those which were rural. For those activities, two geographical Zones were established; the Inner Zone which aligns with the old DRA1, DRA1A and DRA2 differential rating areas, and the Outer Zone which aligns with the old DRA3, DRA4, and DRA5 differential rating areas.

▶ **Loans** for specific projects will be funded through separately determined targeted rates, charged to the beneficiaries of the loan.

▶ Apart from those listed above, and a few specific targeted rates, there are no other commercial, lifestyle, or Urban Farm differentials. All properties with the same land use pay the same rate in the dollar, based directly upon the property value.

The Revenue and Financing Policy has been split into eight community outcomes groupings with a total of 82 individual activities within the groupings.

These significant activities will link in directly with the Activity Management Plans in Volume 1 and the 2009-2019 Ten Year Plan.

DEFINITIONS

1. **Land Use Classifications** (used in some differentials) are those defined by Council’s Valuer, and are recorded in the District Valuation Database.
2. **Gisborne City** is the area defined as Differential Rating Area 1, (DRA1), and aligns closely to the pre-amalgamation boundaries of the Gisborne City Council.
3. **Semi Urban / Buffer Zone** is the area surrounding Gisborne City, sometimes designated as Differential Rating Area 1A, and is closely aligned to the area described in the District Plan as the Rural Buffer Zone.
4. **Rural Towns** are identifiable townships in the district, and properties within any particular Rural Town are scheduled in Council’s Rating Database.
5. **Differential Rating Areas (DRAs):** For some funding streams, reference is made to DRA2, DRA3, DRA4 and DRA5. These areas were defined in previous rating resolutions between 1991 and 2002, and are recorded on Council’s Rating Area maps.

Note: On request, a map showing the boundaries of the City, the Semi Urban / Buffer Zone, the Rural Towns, and all the previous Differential Rating Areas upon which the Revenue and Financing Policy is based, may be viewed at Council's Administration Centre, Fitzherbert Street, Gisborne.

SIGNIFICANT ACTIVITY GROUPINGS

Funding streams are grouped in "Community Outcome" order:

Empowered Tairāwhiti

Connected Tairāwhiti

Environmentally Sustainable Tairāwhiti

Healthy Tairāwhiti

Prosperous Tairāwhiti

Safe Tairāwhiti

Skilled and Educated Tairāwhiti

Vibrant Tairāwhiti

Significant Funding Stream Grouping	Activity and Description of Rating Regime
COMMUNITY OUTCOME EMPOWERED TAIRĀWHITI	FUNDING STREAMS FS09-01 to FS09-10
FUNDING STREAM FS09-01 Representation and Democratic Process	<p>Description of Activity</p> <ul style="list-style-type: none"> Provision of triennially elected Council of 14 representatives plus one Mayor. Cost of Council and Councillors' governance. Servicing of Council, its functional committees and its Māori liaison role. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> Statutory requirements of the Local Government Act 2002 and Local Elections and Polls Act 1976. <p>Benefits Accruing</p> <ul style="list-style-type: none"> The whole community obtains governance and direction through democratic representation by an elected body. All residents of the region benefit from having a representative and a well-serviced Council. The Treaty of Waitangi is taken into account in policy development. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> All the time. <p>Funding Sources and Mechanisms</p> <p>100% UAGC.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-02 Civic Expenses of the District	<p>Description of Activity</p> <ul style="list-style-type: none"> Scholarships, awards, grants, VIP presentations. Civic functions, Naval visits, Anzac day, Citizenship ceremonies. Sister Cities, Town Crier events. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> Expectation of the community and of Central Government. <p>Benefits Accruing</p> <ul style="list-style-type: none"> The whole community obtains social cohesion and community focus. Representatives of the community or specific community groups are recognised for their contributions to the community. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> Continuously. <p>Funding Sources and Mechanisms</p> <p>100% UAGC.</p> <p>NOTE: If the 30% cap on UAGC charges is reached, the UAGC Component should be reduced, and the balance of the costs will be charged as General Rates, undifferentiated across the district, based on Capital Value.</p>
FUNDING STREAM FS09-03 Corporate Expenses of the District	<p>Description of Activity</p> <ul style="list-style-type: none"> To separately identify corporate expenses which are not part of overhead allocations. These include Membership of Local Government NZ, Sister Cities, and Community Surveys. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> Discretionary <p>Benefits Accruing</p> <ul style="list-style-type: none"> No individual benefit at all. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> At various occasions every year. <p>Funding Sources and Mechanisms</p> <p>100% UAGC.</p> <p>NOTE: If the 30% cap on UAGC charges is reached, the UAGC Component should be reduced, and the balance of the costs will be charged as a General Rates, undifferentiated across the district, based on Capital Value.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-04 Māori Liaison	<p>Description of Activity</p> <ul style="list-style-type: none"> To facilitate the Māori Liaison Office activity and overall district consultation. Consultation specific to Treaty and RMA issues. <p>Reason why Funding Stream is Engaged in</p> <ul style="list-style-type: none"> Discretionary, but clearly aligns with requirements of Local Government Act 2002. <p>Benefits Accruing</p> <ul style="list-style-type: none"> The public as a whole are the beneficiaries where consultation enables them to be better informed and to provide input to Council. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> Continuously. <p>Funding Sources and Mechanisms</p> <p>100% UAGC.</p>
FUNDING STREAM FS09-05 Policy Development	<p>Description of Activity</p> <ul style="list-style-type: none"> Provide community consultation in compliance with the new Local Government Act 2002 Provide Policy Development required by the Act. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> Discretionary. <p>Benefits Accruing</p> <ul style="list-style-type: none"> The whole community benefits from having quality, compliant policies. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> A significant benefit for future generations. <p>Funding Sources and Mechanisms</p> <p>100% UAGC.</p>
FUNDING STREAM FS09-06 Treasury	<p>Description of Activity</p> <ul style="list-style-type: none"> Financial management of Loans, Debentures, receipt of rating penalty payments, allocation of rate remissions and grants. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> Discretionary. Good financial practice. <p>Benefits Accruing</p> <ul style="list-style-type: none"> Transparent management of miscellaneous public incomes and expenses. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> All the time. <p>Funding Sources and Mechanisms</p> <p>100% Undifferentiated General Rate based on Capital Value.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-07 Consolidation Loan (previously Holding Co loan)	Description of Activity <ul style="list-style-type: none"> ▶ To restructure previous Council debt, and to provide funds for capitalising the Holding Company structure. Reason why Activity is Engaged in <ul style="list-style-type: none"> ▶ Discretionary. Benefits Accruing <ul style="list-style-type: none"> ▶ Benefit is to the community, through rationalising the structure of Council controlled trading organisations. ▶ Some private benefit to those who had been supplied with services through the funding provided by the previous (pre-consolidated) loans. When do Benefits Occur? <ul style="list-style-type: none"> ▶ For the duration of the loan. Funding Sources and Mechanisms <p>100% Undifferentiated General Rate based on Capital Values.</p>
FUNDING STREAM FS09-08 Farm and Investment Dividends	Description of Activity <ul style="list-style-type: none"> ▶ Council Resolution determined that the income from Farm Dividends, and some other selective revenue streams like the sale of some assets, would be used to offset general rates. Reason why Activity is Engaged in <ul style="list-style-type: none"> ▶ Discretionary. ▶ Financial Benefit to ratepayers ▶ Security of community assets Benefits Accruing <ul style="list-style-type: none"> ▶ Transparent management of miscellaneous public incomes and expenses. When do Benefits Occur? <ul style="list-style-type: none"> ▶ Every year there is a dividend - it results in lowered rates. Funding Sources and Mechanisms <p>Income used to provide a pro-rata reduction to each of the General Rate Funding Streams.</p>
FUNDING STREAM FS09-09 Municipal Buildings	Description of Activity <ul style="list-style-type: none"> ▶ Maintain buildings owned for civic purposes. Reason why Activity is Engaged in <ul style="list-style-type: none"> ▶ Discretionary. Benefits Accruing <ul style="list-style-type: none"> ▶ The whole community benefits from having suitable premises for Council functions. When do Benefits Occur? <ul style="list-style-type: none"> ▶ Now, and in the future. Funding Sources and Mechanisms <p>100% UAGC.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-10 Consents - Building Records	Description of Activity <ul style="list-style-type: none"> ▶ Maintain an accurate record of building applications and related paperwork. Reason why Activity is Engaged in <ul style="list-style-type: none"> ▶ Statute. ▶ Council's own protection. Benefits Accruing <ul style="list-style-type: none"> ▶ The whole community benefits from having access to information about any given building. ▶ Very little benefit to the person who stores the information. Of some benefit to the person who draws on the information. When do Benefits Occur? <ul style="list-style-type: none"> ▶ Mostly in the future. ▶ Every time a person requests the information. Funding Sources and Mechanisms <p>80% Uniform Annual General Charge as there is equal benefit over the whole district. 20% User Charges.</p>
COMMUNITY OUTCOME CONNECTED TAIRĀWHITI	FUNDING STREAMS FS09-11 to FS09-27
FUNDING STREAM FS09-11 Renewals Capital	Description of Activity <ul style="list-style-type: none"> ▶ The works undertaken to maintain or restore an existing asset to keep it in a condition where its service potential has not declined are called Renewal Works. Reason Activity is Engaged In <ul style="list-style-type: none"> ▶ Legislative requirement to maintain service potential on infrastructural assets Benefits Accruing <ul style="list-style-type: none"> ▶ Maintaining public services. When do Benefits Occur? <ul style="list-style-type: none"> ▶ Continuously. Funding Sources and Mechanisms <p>100% Internal Funding from the Depreciation reserve, or other appropriate reserve accounts.</p> Loans: Loans may be 100% internal funding from: <ul style="list-style-type: none"> - The Depreciation Reserve - Other appropriate reserves - Treasury <p>or may be an exclusive external loan.</p> <p>The loan principal will generally be paid progressively from an appropriate reserve account, and the interest will be paid by directly rating the beneficiaries (General or Targeted Rate).</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-12 General Capital	Description of Activity <ul style="list-style-type: none"> ▶ The works or facilities which have not been provided before, or the replacement of a poor facility with improved facilities, are funded by general Capital. ▶ Sometimes all or part of the capital may be collected before the work is undertaken. ▶ Sometimes there is insufficient balance in the Depreciation Account to do all the renewals work required. General Capital may sometimes be used to supplement the Renewals requirements. ▶ Works which are initiated by third parties, but which result in additional expenditure by Council (such as development of reserves, or the provision of infrastructure) will be funded from development or financial contributions by the third party. Reason Activity is Engaged In <ul style="list-style-type: none"> ▶ Community wellbeing and legislative responsibility. Benefits Accruing <ul style="list-style-type: none"> ▶ Provision of services required by the community, and/or facilities required by Council in servicing community needs. When do Benefits Occur? <ul style="list-style-type: none"> ▶ Whenever capital works take place. Funding Sources and Mechanisms <p>Funding may be from several diverse sources, which will depend on the amount of public/private good, the degree to which the service is essential infrastructure versus "nice to have", and so on. Each project that requires capital will be considered on its merits, and the source of funding may be one or more of the following:</p> <ol style="list-style-type: none"> 1) Directly paid for by General or Targeted rate. 2) An appropriate Reserve Account 3) Loans: Loans may be 100% internal funding from: <ul style="list-style-type: none"> - Depreciation Reserve - appropriate reserves - Treasury <p>or may be an exclusive external loan. The loan principal will generally be paid progressively from an appropriate reserve account, and the interest will be paid by directly rating the beneficiaries (General or Targeted Rate).</p> 4) Development contributions (mainly residential developments). 5) Financial contributions (mainly commercial/ industrial developments). 6) Grants or subsidies. 7) Donations.

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-13 Wastewater Capital Rate	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Collect capital contributions in advance of major capital expenditure for wastewater processing and outfall. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ To minimise future debt requirements. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community, in minimising debt interest payments. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ After the wastewater scheme is commissioned. <p>Funding Sources and Mechanisms</p> <p>100% Fixed Targeted Rates on Rating Units as follows:</p> <ul style="list-style-type: none"> - \$26 per City property, increasing by \$26 per year. - \$7 per Semi-urban/buffer zone properties, increasing by \$7 per year. - \$4 per Rural property, increasing by \$4 per year.
FUNDING STREAM FS09-14 Millennium Loan	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ The costs relating to preparation for, and managing events around the Millennium were over and above normal council operations, and were a one-off operational project that was funded by a 10 year loan. <p>Reason Activity is Engaged In</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Promote Public Good. <p>Benefits Accruing</p> <p>The Millennium preparations were for the benefit of the district as a whole, and the benefit was entirely public.</p> <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ At the Millennium event and continuously thereafter. <p>Funding Sources and Mechanisms</p> <p>50% UAGC. 50% Undifferentiated General Rate based on Capital Value.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-15 Gisborne Airport	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To provide an all-weather airport for public and freight transport. ▶ Maximise the use of the facility in accordance with the Civil Aviation requirements by both commuter and private aircraft as a means of ensuring ease of access to the district. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The community in general through having an airport to service the region's needs. ▶ Individuals who choose to fly. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All the time. <p>Funding Sources and Mechanisms</p> <p>Undifferentiated General Rate based on Capital Values to cover Runway Loan interest.</p> <p>NOTE: Some Operating Surpluses are returned to the ratepayer as reduced UAGC charges.</p>
FUNDING STREAM FS09-16 Rivers Asset Management	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Investigations and Surveys of rivers and streams within the district. Provide flood warning on specific river systems. Plan and manage flood control scheme assets. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Public expectation. ▶ To minimise flood risk. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Economic and social benefits from reduction of flood losses. ▶ Direct benefits within protected areas and indirect benefit to the whole community. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ During flood events. <p>Funding Sources and Mechanisms</p> <p>1% Private Component through private contributions where identifiable. 99% Public Component through General Rate applied non-differentially based on Capital Value.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-17 Flood Control (Waipaoa, Te Karaka)	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Provide flood protection to Poverty Bay Flats, Gisborne City, and Te Karaka and other catchment areas subject to review. <p>Reason Why Activity is Engaged In</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Flood Mitigation. ▶ Damage Mitigation. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Economic benefit to community, especially provides cropping opportunity. ▶ Individual beneficiaries – protection of private property. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ During flood events. <p>Funding Sources and Mechanisms</p> <p>100% Fixed Targeted Rate to beneficiaries within flood scheme area, based on Capital Value.</p>
FUNDING STREAM FS09-18 Land Drainage	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Provision of drainage for rural land improvements in designated areas. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Requirement for publicly coordinated activity. ▶ Response to landowners requests via legislation. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The community does not receive any specific benefits. ▶ Individuals receive the entire benefit. <p>When do Benefits Occur?</p> <p>During rain events.</p> <p>Funding Sources and Mechanisms</p> <p>100% Targeted Rate on properties in the area of benefit, based on Land Area of property.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime								
FUNDING STREAM FS09-19 Roading Local Roding Non Subsidised	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To provide street cleaning, footpaths, street lighting, and seal extensions on roads that are not subsidised by Transfund. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ To provide road corridor development for individual and community benefit. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Road users and the district generally benefit. ▶ Individuals benefit through seal extensions, footpaths, and street lights. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All the time. <p>Funding Sources and Mechanisms</p> <p>40% General Rate applied undifferentially on CV. 60% Targeted Rate, of which:</p> <ul style="list-style-type: none"> - 80% from DRA1 and 1A based on CV. - 20% from DRA2 - 5 based on CV. 								
FUNDING STREAM FS09-20 Roading - Subsidised Local Roads	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Provision of local components of Land Transport Network. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement as the Road Controlling Authority. ▶ Requirement of Local Government Act 2002. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits: Roads are provided as a public good. ▶ Road users in general benefit. ▶ Individual benefit from access to property, and access to facilities. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Over the life of the road. <p>Funding Sources and Mechanisms</p> <p>59% Private Benefit provided through Transfund Subsidies. 8% as a UAGC for access to individual properties. 33% Differential Targeted Rate based on CV weighted according to land use.</p> <table border="1"> <tr> <td>Residential</td> <td>1.0</td> </tr> <tr> <td>Horticultural and Pastoral</td> <td>1.5</td> </tr> <tr> <td>Industrial & Commercial</td> <td>2.0</td> </tr> <tr> <td>Forestry</td> <td>4.0</td> </tr> </table>	Residential	1.0	Horticultural and Pastoral	1.5	Industrial & Commercial	2.0	Forestry	4.0
Residential	1.0								
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Industrial & Commercial	2.0								
Forestry	4.0								

Significant Funding Stream Grouping	Activity and Description of Rating Regime								
FUNDING STREAM FS09-21 Roading Subsidised Roding : Passenger Transport	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To provide contracted passenger services where there is not a commercial passenger service available as and where necessary. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ To satisfy private needs within the community. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The community as a whole receives no benefit from this activity. ▶ Benefits accrue entirely to those who use the service. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Throughout the year. <p>Funding Sources and Mechanisms</p> <p>20% Bus fares. 40% NZTA. 40% Targeted Rate to City Residential areas, as a fixed amount per separately ratable property. (Direct Users can rarely afford the full cost of the service).</p>								
FUNDING STREAM FS09-22 Roading Subsidised Roding, Safety Maintenance	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Maintain infrastructure for improved safety and traffic flow. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ To enhance public safety plus statutory requirement. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Every time the roads are used. <p>Funding Sources and Mechanisms</p> <p>59% Private Benefit provided through Transfund Subsidies. 10% as a UAGC for access to individual properties. 31% Differential Targeted Rate weighted according to land use.</p> <table border="1"> <tr> <td>Residential</td> <td>1.0</td> </tr> <tr> <td>Horticultural and Pastoral</td> <td>1.5</td> </tr> <tr> <td>Industrial & Commercial</td> <td>2.0</td> </tr> <tr> <td>Forestry</td> <td>4.0</td> </tr> </table>	Residential	1.0	Horticultural and Pastoral	1.5	Industrial & Commercial	2.0	Forestry	4.0
Residential	1.0								
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Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-23 Sewer and Wastewater - Collection and Transport, Treatment and Disposal	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ The collection and transportation of wastewater from its sources (factories and residences) to its point of treatment. ▶ Treatment and disposal of sewage for commercial and domestic users. <p>Reason Activity is Engaged In</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Promote Public Health. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Public Health of the community ▶ Convenience of individual property owners. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Continuously. <p>Funding Sources and Mechanisms</p> <p>100% Fixed Charge Targeted Rate to people connected to the system, partly per property, and partly per pan.</p>
FUNDING STREAM FS09-24 Stormwater and Drainage - Courses / Open Drains	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Collect and transport land drainage from urban property. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement. ▶ Meet levels of service and mitigate effects. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits through continuity of access. ▶ People in the area served benefit through disposal facility and drainage protection. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All the time, but especially during rain events. <p>Funding Sources and Mechanisms</p> <p>80% Targeted Rates to people in the defined "Area of benefit", being Gisborne City and Rural Towns. One charge to each property. 20% Undifferentiated General Rate across the district based on Capital Value.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-25 Stormwater Reticulation	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Provide property drainage. ▶ Provide road drainage. ▶ Provide public area drainage. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Mitigate effects on behalf of ratepayer. ▶ Prevent ingress into sewer system. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits through aesthetics, safety and access. ▶ Individuals benefit through disposal/drainage benefit, and property enhancement. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Every time there is a rain event. <p>Funding Sources and Mechanisms</p> <p>90% Differential targeted Rates to defined "area of benefit" being primarily Gisborne City and Rural Towns, based on Capital Value.</p> <p>10% Undifferentiated General Rate across the district based on Capital Value.</p>
FUNDING STREAM FS09-26 Radio Plants and Vehicles	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ The provision of radios, plant items, and vehicles to internal users within Council <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Organisational requirements <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The items should be portfolio managed, to ensure the best purchasing terms are negotiated, and to ensure consistency throughout the organisation. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ In the present, continuously. <p>Funding Sources and Mechanisms</p> <p>No rating impact. The items are internally charged to the user departments, which fund them through existing budgeting procedures.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-27 Water Supply and Reticulation	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Provide potable water for domestic purposes. ▶ Provide water for firefighting. ▶ Provide water to commerce and industry. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Public Health through potable water. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits through reducing health risk and risk of fire. ▶ Individual consumers benefit through convenience of supply. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Whenever water is drawn. <p>Funding Sources and Mechanisms</p> <p>100% Targeted Rates, to people connected to the reticulation system. (To those who have availability but are not connected, charge 50%.) Commercial users and bulk users have a combination of Targeted Rate and water charges.</p>
COMMUNITY OUTCOME ENVIRONMENTALLY SUSTAINABLE TAIRĀWHITI	
FUNDING STREAM FS09-28 Environmental Health - Environmental and Waste Management	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To protect public health and avoid environmental degradation by monitoring and controlling activities which could cause adverse effects. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement. ▶ Council policy. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Individual consent holders and consent applicants benefit. ▶ Public benefit in respect to: <ul style="list-style-type: none"> - Enhancement of the environment and public health of the district. - State of the Environment monitoring. - Development and implementation of Plans and Policies. - Environment and Public Health monitoring. - Surveillance and enforcement. - Complaints and enquiries. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Continuously. <p>Funding Sources and Mechanisms</p> <p>5% Fees and Charges. Not possible to realistically recover more than this amount.</p> <p>95% Uniform Annual General Charge as there is equal Public Health benefit over the whole district.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-29 Pests and Plants - Conservation Animal Pest Control	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To limit the adverse effects of unwanted animals. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement : Biosecurity Act 1993. ▶ Regional Policy Statement. ▶ Regional Pest Management Strategy <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits from control of public hazards. ▶ Individuals benefit both urban and rural landholders. However, it is difficult to quantify because animal pests are mobile, moving freely across property boundaries. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Every day. <p>Funding Sources and Mechanisms</p> <p>1% Fees and Charges. Costs of recovery mainly to exacerbators, if they can be identified.</p> <p>99% Differentiated Targeted Rate based on land area.</p>
FUNDING STREAM FS09-30 Pests and Plants - Conservation Plant Pest Control	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To limit the adverse effects of unwanted plants. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory Requirement : Biosecurity Act 1993. ▶ Regional Policy Statement. ▶ Regional Pest Management Strategy <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The community in general, as major plant pests are well spread throughout the rural and urban areas. ▶ Landowners benefit, but they are also required to carry out their own population control at their own cost. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Continuously. <p>Funding Sources and Mechanisms</p> <p>1% Fees and Charges when recoveries can be made.</p> <p>99% Differentiated Targeted Rate based on Land Area.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-31 Planning - Plan Administration - Compliance Monitoring	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To carry out Council's duty under the RMA 1991 of sustainable management of natural and physical resources. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ There is a benefit to Consent Holders. ▶ Benefits will also arise to wider community, sometimes on a localised basis, through ensuring compliance. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All the time. <p>Funding Sources and Mechanisms</p> <p>50% Fees and Charges to Consent Holders and/or exacerbators. 50% UAGC.</p>
FUNDING STREAM FS09-32 Planning - Privately Requested Changes to RMA	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Enables individuals and organisations to propose and to have formally tested, changes to environmental regulations. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory (RMA, If called upon to do so). ▶ Public Expectation. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Private Benefit in most cases. Proposals may be promoted by public interest groups but much more likely to be by someone seeking advantage from resource use. There will also be a degree of public benefit, in that the general public will benefit from any facilities which result, and from any environmental safeguards included. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ At the time changes are made, and thereafter. <p>Funding Sources and Mechanisms</p> <p>100% Fees and Charges to individuals who seek change.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-33 Planning - Provision of Advice to Public Concerning Council's Planning Requirements	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Advise members of the public how Council's regulatory requirements affect them and their proposals for the use of land. Advise members of the public how to apply for necessary consents. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory. ▶ Council's policy goes beyond minimum requirements of RMA. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The information given is entirely of benefit to the applicant. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ At the time proposals are being formulated. <p>Funding Sources and Mechanisms</p> <p>1% Fees and Charges for enquiries which take more than 15 minutes. 99% Undifferentiated Targeted Rate based on Land Value.</p>
FUNDING STREAM FS09-34 Planning - RMA Policy and Plan Preparation	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To carry out Council's duty under the RMA 1991 of sustainable management of natural and physical resources. The plans and policy statements prepared identify the resources, the environmental issues relating to those resources, and the Council's approach to managing those issues. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Requirement of Local Government Act as defined in the Resource Management Act 1991. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ A wide-ranging activity which affects the whole community, in varying degrees. All people benefit from the environmental quality. It is not usually possible to assign benefits precisely to individuals or groups, or the degree to which they receive benefits. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All year round. <p>Funding Sources and Mechanisms</p> <p>100% Targeted Undifferentiated rate based on Land Value.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-35 Soil Conservation - Advocacy and Education	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Sustainable Management of Land Resources. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement to promote sustainable land management as espoused in the RMA, Regional Policy Statement and the District Plan ▶ To minimise the effects of slope instability ▶ To control downstream effects of soil erosion ▶ To enable sustainable primary production <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Private benefits to landholders but is a community response to long-term inherited issue. It is an unsolicited action, reliant on the landholder willingness to participate for success. ▶ Public benefit arises from intergenerational benefits of hazard identification and mitigation. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Continuously. ▶ Future intergenerational benefits are significant. <p>Funding Sources and Mechanisms</p> <p>1% Fees and Charges, recovered through PIMs and LIMS. 99% Differentiated Targeted Rate based on Land Value. 50% from Outer Zone (DRA5 & Townships) 30% from Outer Zone (DRA3 & 4 & Townships) 20% from Inner Zone (Urban & Rural)</p>
FUNDING STREAM FS09-36 Soil Conservation - Land-use Control	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Sustainable Management of Land Resources. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory Requirement. ▶ Rules in Council Plans. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Mostly private benefit: Individual Land Use Consent Applications receive advice and information on RMA requirements. ▶ Compliance monitoring provides on-going assessments to consent holders. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Intergenerational benefit. <p>Funding Sources and Mechanisms</p> <p>1% Fees and Charges, recovered from exacerbators. 99% Differentiated Targeted Rate based on Land Value. 50% from Part Outer Zone (DRA5 & Townships) 30% from Part Outer Zone (DRA3 & 4 & Townships) 20% from Inner Zone (Urban & Rural)</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-37 Soil Conservation - Nursery and Reserve Management	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To ensure continued breeding of hardiness, pest and disease resistance into poplar and willow soil conservation trees. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Private Benefit: access to resistant varieties of poplar and willow poles for landholder control. ▶ Public benefit through reduced soil erosion and educational benefits <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Private Benefit: access to resistant varieties of poplar and willow poles for landholder control. ▶ Public benefit through reduced soil erosion and educational benefits. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All year round. <p>Funding Sources and Mechanisms</p> <p>85% Fees and Charges through the sale of poles (and government contributions). 15% Differentiated Targeted Rate based on Land Value.</p> <p>80% from Outer Zone (Rural & Townships) 20% from Inner Zone (Urban & Rural)</p>
FUNDING STREAM FS09-38 Solid Waste - Landfills and Transfer Stations	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Provide facilities for disposal of waste. ▶ Mitigate environmental effects by controlling the disposal of waste. ▶ Minimise public health risks. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement. ▶ Public Health, Tidy environment. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Waste occurs on a district wide basis, hence disposal is provided on a district wide basis. ▶ People in transit generate waste outside their own domestic areas. ▶ Individuals who use the service for their convenience can be charged directly. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Now, and several generations into the future. <p>Funding Sources and Mechanisms</p> <p>10% Grants and Subsidies. 5.5% Fees and Charges. 84.5% UAGC (if there is no capacity for UAGCs because we have exceeded the 30% Fixed Rate Cap, all or part of the 84.5% will become a General Rate on CV).</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-39 Solid Waste - Refuse Litter Bins	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Collect discretionary waste from public areas. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Public Expectation. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits from a tidy environment. ▶ Cannot identify individual beneficiaries. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All the time in the present. <p>Funding Sources and Mechanisms</p> <p>100% Uniform Annual General Charge as there is equal benefit over the whole district.</p>
FUNDING STREAM FS09-40 Wainui Foredune Protection Capital Costs and Operational Costs	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Provide capital works for foredune protection at Wainui, in response to requests from residents in the Plan area. ▶ Maintain foredunes in the time between major capital expansions. <p>Reason why Activity is engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Public Request. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Individual residents who have properties on the Wainui shore. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ During storm events. <p>Operational Funding Sources and Mechanisms</p> <p>100% Targeted Rates based on CV to people in the defined targeted rating area.</p> <p>Operational Funding Sources and Mechanisms</p> <p>100% Targeted Rate based on the amount of land area of their rating unit which is in the hazard zone, payable by the sub-group of the targeted rating area which requested the service by majority vote.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-41 Water Resources - Education and Advocacy	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Sustainable management of natural resources (including coastal water resources). <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits from protection of the needs of future generations. ▶ Individuals benefit from advice which enables private investment decisions. Although advocacy and education has a private benefit to the direct user it also mitigates potential adverse effects and has a community benefit. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All year round. <p>Funding Sources and Mechanisms</p> <p>1% Fees and Charges, recovered through PIMs and LIMs. 99% Differentiated Targeted Rate based on Land Value.</p> <p>30% from Outer Zone (Rural & Townships) 70% from Inner Zone (Urban & Rural) (Much of the cost applies to Poverty Bay Flats.)</p>
FUNDING STREAM FS09-42 Water Resources - Implementation of Rule	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Sustainable management of natural water resources (Including coastal water resources). <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory Requirement. ▶ Regional Policy Statement and Rules in Plans. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits significantly from this activity. ▶ Individual Benefit exists. Advice before and during applications for consents on how to best avoid or mitigate adverse effects and how to meet RMA process requirements (could also be seen as advocacy). <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All year round. <p>Funding Sources and Mechanisms</p> <p>15% Fees and Charges, recovered from consent holders. 85% Differentiated Targeted Rate based on Land Value.</p> <p>30% from Outer Zone (Rural and Townships) 70% from Inner Zone (Urban and Rural) (because much of the cost applies to the City)</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
COMMUNITY OUTCOME HEALTHY TAIRĀWHITI	FUNDING STREAMS FS09-43 to FS09-44
FUNDING STREAM FS09-43 Cemeteries	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To provide land and facilities for the burial or cremation of the dead and their remembrance and to provide records and enquiry service for all Council-owned cemeteries. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement. ▶ Public expectation. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits to a small degree through the availability of historical/heritage records, and public health. ▶ Benefits principally accrue to families and relatives of the deceased. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Now, and for future generations. <p>Funding Sources and Mechanisms</p> <p>80% Fees and Charges to the users of the facilities. 20% Uniform Annual General Charge as there is equal benefit over the whole district.</p>
FUNDING STREAM FS09-44 Solid Waste - Domestic Refuse Collection	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Collect individual household waste, and elective commercial waste. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Provide cleaner and healthier environment. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits from a clean environment. ▶ Direct benefit identified to the property. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All year round. <p>Funding Sources and Mechanisms</p> <p>100% Uniform Targeted Rate over the area served.</p>
COMMUNITY OUTCOME PROSPEROUS TAIRĀWHITI	FUNDING STREAMS FS09-45 to FS09-55
FUNDING STREAM FS09-45 Consents, Land Information Memoranda	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To provide on request all information of site-related data known to Council on any given land parcel, including site stability information, rates information, utility information, building information and other relevant material. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Required by statute. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The entire benefit is to private individuals or institutions. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Each time the information is requested. <p>Funding Sources and Mechanisms</p> <p>100% Fees and Charges to the applicant.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-46 Rural Regional Development	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Purchase properties in regional towns for future development. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Provide economic development opportunities in rural centres. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits from economic development. ▶ New industries which take advantage of the available properties. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Continuously. <p>Funding Sources and Mechanisms</p> <p>100% UAGC.</p>
FUNDING STREAM FS09-47 Forestry Operations	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To maximise the financial return on Council's forestry and landholding Investments. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The community. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Some benefits all year round, but major benefits at harvest time. <p>Funding Sources and Mechanisms</p> <p>Non-rate funded activity. When profits arise, balance goes to Capital Development Fund.</p>
FUNDING STREAM FS09-48 Heart of Gisborne	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Collect rates in response to requests from retailers in CBD. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Public request. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Individual retailers who have properties in the CBD. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Continuously. <p>Funding Sources and Mechanisms</p> <p>100% Targeted Rates to business properties in the CBD.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-49 Leased Properties	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ The provision of property management and revenue optimisation of properties which are leased to third parties. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Organisational requirements ▶ Asset Management <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The items should be portfolio managed, to ensure efficient management and to ensure consistency throughout the organisation. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Continuously. <p>Funding Sources and Mechanisms</p> <p>100% fees and Charges to the third party leasing the buildings</p>
FUNDING STREAM FS09-50 Managed Properties Including Quarries	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ The provision of property management and revenue optimisation of properties which are managed on behalf of other units of Council. ▶ The management of other properties such as reserves. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Organisational requirements ▶ Asset Management <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The items should be portfolio managed, to ensure efficient management and to ensure consistency throughout the organisation. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Continuously. <p>Funding Sources and Mechanisms</p> <ul style="list-style-type: none"> ▶ Where another Council unit is the client, 100% internal cost recovery (by means of formal rental agreements) ▶ Where the public is the client, cost is covered by the Community Facilities unit through normal budget processes (ie, rates).

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-51 Parking Control / Enforcement	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To maintain control of traffic in respect of parking spaces within the Gisborne City. Application and compliance with traffic law and parking law in respect of stationary vehicle offences. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Under legislative control. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The benefit accrues entirely to car park users and arises significantly through the rotation of parks. ▶ Residual revenue (\$244,000 in 2005/06) goes to the development of parking facilities around the district. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ During the hours that the CBD and public parking areas are patrolled. <p>Funding Sources and Mechanisms</p> <p>100% Parking Fees and Fines.</p>
FUNDING STREAM FS09-52 Planning - Plan Administration - Landuse and Subdivision - Consents Processing	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To carry out Council's duty under the Resource Management Act 1991 of sustainable management of natural resources. Consents under the Act and any other legislation applied for are assessed against Council's Plans and policy statements prepared under the Act which identify the resources the environmental issues relating to those resources and the Council's approach to managing those issues. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Required by various statutes. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Individuals and groups receive benefit from being allowed to use resources for economic or other benefit to themselves. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ As consents are processed. <p>Funding Sources and Mechanisms</p> <p>100% Fees and Charges to applicants.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-53 Roading Regional Development Rooding Depreciation	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Provide for the depreciation on industry specific roads which Council would not have built if not for special funding received from Central Government. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Central Government provided specific funding for roads which would be used to encourage secondary forestry industries. ▶ Council needs to target consequential charges to the prime beneficiaries of this funding. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The economic wellbeing of the district as a whole is a benefit of this activity. ▶ Primary benefits accrue entirely to those who directly use the new roads. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ As each RDR is built, and continuously thereafter. <p>Funding Sources and Mechanisms</p> <p>100% Targeted rate based on CV to all ratepayers with a "Forestry" land use.</p> <p>NOTE: This is the depreciation only of RDR-funded roads.</p>
FUNDING STREAM FS09-54 Solid Waste - Cleaning of Defined Public Spaces	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Cleaning of defined public areas. ▶ Sweeping of footpath areas. ▶ Cleaning of rest areas in CBD and commercial areas. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Public expectation. ▶ Provide a cleaner environment. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits from a cleaner environment. ▶ Cannot identify individual beneficiaries, who are mostly exacerbators. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All year round. <p>Funding Sources and Mechanisms</p> <p>100% Uniform Annual General Charge as there is equal benefit over the whole district.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-55 Tairāwhiti Development Taskforce - Administration and Major Regional Initiatives	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To provide administration support to the Taskforce and its subordinate Action Groups (jointly with the Wairoa District Council). ▶ To implement the three-yearly priority/action initiatives within the Taskforce's Strategic Plan, being, land use, tourism, forestry/wood processing. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary, but enables up to \$2M of grant funding to be brought into the district. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Benefit is to the community, through the work that the Taskforce does in ensuring public and special interest groups are consulted and able to contribute to Taskforce plans. ▶ Some residents, businesses etc, would benefit from new or increased investment and employment. ▶ Overall a large public benefit as the activity will benefit the region's economy and social infrastructure. ▶ Only the administrative costs will be rated, and this has no private benefit to individuals. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Mainly for future generations. <p>Funding Sources and Mechanisms</p> <p>100% Undifferentiated General Rate based on Capital Values.</p>
COMMUNITY OUTCOME	
SAFE TAIRĀWHITI	
FUNDING STREAM FS09-56 Civil Defence	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To ensure the Gisborne district is prepared through reduction, readiness, response and recovery measures to meet the impact of a natural and/or man-made disaster beyond the capabilities of the emergency services to cope with. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Preparedness is entirely a community benefit. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Everyone in preparedness stage. ▶ Those in danger during the emergency. <p>Funding Sources and Mechanisms</p> <p>100% UAGC.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-57 Community Housing	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To provide housing facilities for appropriately qualified senior citizens to the district. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Tenants are the primary beneficiaries. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ In the present <p>Funding Sources and Mechanisms</p> <p>100% Fees and Charges to tenants.</p>
FUNDING STREAM FS09-58 Consents - Building Consent Processing and Construction Control	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To process Building Consents and PIMs within the target set but certainly within regulatory timeframes. ▶ To protect public health through controls relating to building work and ensuring buildings are safe and sanitary, and coordinating building use with the use and management of natural and physical resources. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Required by statute. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Benefits accrues almost entirely to applicant. ▶ There is some long-term public benefit through safe buildings. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ At the time of construction and thereafter. <p>Funding Sources and Mechanisms</p> <p>100% Fees and Charges, direct charges to applicants.</p>
FUNDING STREAM FS09-59 Consents - Resource Consent processing	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To process Resource Consents within the statutory timeframes. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Required by statute. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits marginally - consent applications are "private" applications for public good. ▶ Benefits accrue generally to the applicant, but resource consents generally protect the environment in line with community aspirations. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ At the time of the construction. <p>Funding Sources and Mechanisms</p> <p>100% Fees and Charges, direct charges to applicant</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-60 Corporate Expenses of the District - LAPP	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To separately identify corporate expenses which are not part of overhead allocations. These include LAPP disaster contributions. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ No individual benefit at all. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ When there is a major infrastructural loss. ▶ At various occasions every year. <p>Funding Sources and Mechanisms</p> <p>100% Undifferentiated General Rate based on Capital Value.</p>
FUNDING STREAM FS09-61 Dog Control	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To ensure registration and control of dogs and provide a service to minimise risk of dog related stock infection. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement ▶ Environmental management responsibility. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The community benefits through reduced danger, reduced distress, reduced nuisance to the community generally, and education. ▶ Work volume is directly proportional to number of dog owners, although 60% of enquiries are from non dog owners. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Every day. <p>Funding Sources and Mechanisms</p> <p>100% Dog License Fees</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-62 Stock Control	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To provide ranging and impounding activities throughout the district and the control of wandering stock. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement. ▶ Environmental management responsibility. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The community benefits through effective stock control. ▶ Private benefit through permitted droving, but partly through stock control. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Every day. <p>Funding Sources and Mechanisms</p> <p>50% Fees and Charges when recoveries can be made, and an NZTA subsidy.</p> <p>50% Differentiated Targeted Rate based on Land Value of which;</p> <ul style="list-style-type: none"> 60% from Outer Zone (DRA5 & Townships) 30% from Outer Zone (DRA3 & 4 & Townships) 10% from Inner Zone (Urban & Rural)
FUNDING STREAM FS09-63 Environmental Health - Food Safety, Registered Premises, Liquor Licensing, Disease Control	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To protect public health by controlling potentially health-damaging activities. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement. ▶ Council policy. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The community in general, through improved community health from improved practices which will be beneficial to future generations. ▶ Individual benefits are to licence applicants and licence holders. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Continuously. <p>Funding Sources and Mechanisms</p> <p>60% Fees and Charges.</p> <p>40% UAGC.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-64 Environmental Health - Hazardous Substances	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To promote public health and to avoid environmental degradation by regulating the handling, storage, use, transport, processing and disposal of all dangerous, hazardous and toxic materials. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement. ▶ Regional and District Plans. ▶ Council Policy. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits in relation to enquiries and complaints, surveillance, the disposal of hazardous substances from the environment, preparation and implementation of plans and policies, and investigation of potentially contaminated sites. ▶ Individuals who benefit are licence applicants, Licence holders, and those who dispose of hazardous substances. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ When hazardous substances become evident. <p>Funding Sources and Mechanisms</p> <p>80% Fees and Charges, recovered from applicants. 20% UAGC.</p>
FUNDING STREAM FS09-65 Environmental Health - Living Conditions, Construction, Water Supplies and Sewage Treatment	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To inhibit activities from causing unhealthy or unsafe situations. To advance public health by controlling minimum living conditions and effects on others and the environment. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement. ▶ Council policy. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Protection of the environment and building structures for future generations. Gathering and analysis of data which will be available for future generations. Improved public health. ▶ Individual benefits are to licence applicants and licence holders. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Now and in the future. <p>Funding Sources and Mechanisms</p> <p>1% Fees and Charges from consent holders, and exacerbators when recoveries can be made. 99% UAGC.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime								
FUNDING STREAM FS09-66 Environmental Health - Public Places, Water Recreation and Bylaws	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To limit the effect of activities causing unhealthy or unsafe situations. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement. ▶ Council policy. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The community in general through surveillance, and an outlet for their complaints and enquiries. ▶ Individual benefits are to licence applicants and licence holders. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Continuously, but more directly during periods of high recreational activity <p>Funding Sources and Mechanisms</p> <p>0% Fees and Charges: there is no practical mechanism for recovering costs from exacerbators. 100% UAGC.</p>								
FUNDING STREAM FS09-67 Roading Subsidised Rooding : Minor Safety Projects - Safety Construction	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Carry out minor improvements to the roading network to improve user safety. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ To enhance safety. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits from improvements in safety ▶ Individuals also benefit. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Continuously. <p>Funding Sources and Mechanisms</p> <p>59% Private Benefit provided through Transfund Subsidies 10% as a UAGC for access to individual properties 31% Differential Targeted Rate weighted according to land use</p> <table border="1"> <tbody> <tr> <td>Residential</td> <td>1.0</td> </tr> <tr> <td>Horticultural and Pastoral</td> <td>1.5</td> </tr> <tr> <td>Industrial & Commercial</td> <td>2.0</td> </tr> <tr> <td>Forestry</td> <td>4.0</td> </tr> </tbody> </table>	Residential	1.0	Horticultural and Pastoral	1.5	Industrial & Commercial	2.0	Forestry	4.0
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Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-68 Rural Fires Preparedness	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To establish and maintain rural fire-fighting capability. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement for forest and rural fires. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The community benefits from the commitment that Council has in place to respond to fires. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All year round. <p>Funding Sources and Mechanisms</p> <p>100% Differentiated Targeted Rate based on Land Value, weighted: 30% to Poverty Bay Flats (DRA2). (Inner Zone, Rural) 70% to Outer Zone. (Rural & Townships)</p>
FUNDING STREAM FS09-69 Rural Fires Suppression	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ Response and Recovery from Rural Fire Incidents. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Statutory requirement. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The community benefits from the ability to protect heritage sites. ▶ Individuals are the major beneficiary, but exacerbators cause a good percentage of fires. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ When fires occur. <p>Funding Sources and Mechanisms</p> <p>70% Fees and Charges when recoveries can be made, or the National Rural Fire Fund. 30% Differentiated Targeted Rate based on Land Value, weighted: 80% to Outer Zone (Rural & Townships) 20% to Inner Zone. (Rural).</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-70 Warrant of Fitness, Registration and Licensing Centre	Description of Activity <ul style="list-style-type: none"> ▶ To provide a quality and cost-effective vehicle testing and, registration and licensing service. To ensure that vehicles are safe and registered for the betterment of road safety. Reason Why Activity is Engaged In <ul style="list-style-type: none"> ▶ Discretionary. Benefits Accruing <ul style="list-style-type: none"> ▶ Direct benefits accrue to the customers of the Warrant of Fitness, Registration and Drivers Licence Centre who have their vehicle tested to enable a Warrant of Fitness to be issued. ▶ Direct benefits also flow to those who utilise the registration, road user, and licensing services. When do Benefits Occur? <ul style="list-style-type: none"> ▶ Continuously. Funding Sources and Mechanisms <p>100% Fees and Charges</p> <p>NOTE: Profits are returned to the ratepayer through reduced UAGC charges.</p>
COMMUNITY OUTCOME SKILLED and EDUCATED TAIRĀWHITI	FUNDING STREAMS FS09-71 to FS09-72
FUNDING STREAM FS09-71 Consents - Public Advice, Telephone Enquiries and Service Provision	Description of Activity <ul style="list-style-type: none"> ▶ To provide help for the public where possible by clarifying the problem and then, if required, identifying the correct officer to provide assessment. Reason why Activity is Engaged in <ul style="list-style-type: none"> ▶ Discretionary. ▶ Public expectation. Benefits Accruing <ul style="list-style-type: none"> ▶ There is marginal benefit to the whole community. ▶ Predominantly private benefit to individuals who can be identified, but advice given to an individual is often a public service. A well-informed public is to some extent self-regulating and benefits accrue to the whole community. When do Benefits Occur? <ul style="list-style-type: none"> ▶ At the time individuals seek advice. ▶ Continuously thereafter. Funding Sources and Mechanisms <p>100% Undifferentiated General Rate based on Capital Value.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-72 Construction - Complaints Investigations, Advice and Sundry Activities	Description of Activity <ul style="list-style-type: none"> ▶ To inform the public, trade and potential clients on regulatory requirements within legislation. Reason why Activity is Engaged in <ul style="list-style-type: none"> ▶ Statutory requirement. ▶ To provide public assistance. ▶ To comply with Council bylaw. Benefits Accruing <ul style="list-style-type: none"> ▶ The community benefits accrue from maintenance of public standards. ▶ Private benefit is mostly provision of advice, solutions, or information for private projects or means of compliance. When do Benefits Occur? <p>At the time of the complaint.</p> Funding Sources and Mechanisms <p>1% Fees and Charges when recoveries can be made. 99% UAGC.</p>
COMMUNITY OUTCOME VIBRANT TAIRĀWHITI	FUNDING STREAMS FS09-73 to FS09-82
FUNDING STREAM FS09-73 Community Development	Description of Activity <ul style="list-style-type: none"> ▶ To facilitate the enhancement of the community's wellbeing through community development initiatives. Reason why Activity is Engaged in <ul style="list-style-type: none"> ▶ Discretionary. Benefits Accruing <ul style="list-style-type: none"> ▶ Community Development contributes actual benefits to all communities within this district. ▶ Individuals receive direct benefits through SPARC, Creative New Zealand and workshops and programmes. When do Benefits Occur? <ul style="list-style-type: none"> ▶ Ongoing. Funding Sources and Mechanisms <p>2% Fees and Charges from workshop participants. 98% UAGC.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-74 Community Grants (including City Safe)	Description of Activity <ul style="list-style-type: none"> ▶ To maintain community assets and to provide support to community groups, volunteers, local initiatives within the community that will enhance the community wellbeing. Reason why Activity is Engaged in <ul style="list-style-type: none"> ▶ Discretionary. Benefits Accruing <ul style="list-style-type: none"> ▶ Some grants are made to specific groups: Riding for the Disabled; Life Education Trust; Citizen Advice Bureau; Museum of Technology; Keep Gisborne Beautiful. ▶ The public benefit through Council's maintenance of community assets, support for community groups/agencies, and provision of community facilities. When do Benefits Occur? <ul style="list-style-type: none"> ▶ Continuously throughout the year. Funding Sources and Mechanisms <p>100% UAGC.</p>
FUNDING STREAM FS09-75 Conveniences	Description of Activity <ul style="list-style-type: none"> ▶ To provide public conveniences at appropriate locations for individuals and general public mainly as a community service. Reason why Activity is Engaged in <ul style="list-style-type: none"> ▶ Discretionary. ▶ Public expectation. Benefits Accruing <ul style="list-style-type: none"> ▶ The wider community in the form of shoppers, visitors/tourist, and the general public, receives benefits from public toilets. ▶ Benefits largely accrue to individuals. When do Benefits Occur? <ul style="list-style-type: none"> ▶ Whenever people are away from their homes or travelling. Funding Sources and Mechanisms <p>1% User pays charges at the facility in Gisborne CBD 99% Uniform Annual General Charge, as the physical ability to collect from individual users is very difficult.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-76 Economic Development	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To promote and facilitate economic opportunities, investment and development within the Gisborne district. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ There is large public benefit in that the functions of the Gisborne district economy generally and thus its residents. ▶ Some indirect private benefit through increased employment, business growth, production of newsletters, economic statistics, etc. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Now and in the future through the marketing of the district. <p>Funding Sources and Mechanisms</p> <p>20% Fees and Subscriptions where they can be identified.</p> <p>50% Targeted Rate based on Capital Value on all Industrial and Commercial and Forestry Land Use classifications over the whole district.</p> <p>30% UAGC.</p>
FUNDING STREAM FS09-77 Library	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To make library and information services available to all people within Gisborne district. ▶ To provide access to the material to meet civic, cultural, educational intellectual and recreational leisure needs. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The community in general, through access to civic, cultural and educational material for which the library is repository and caretaker. ▶ Individuals get private benefit from the ability to enjoy a large variety of reading material. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All year round. <p>Funding Sources and Mechanisms</p> <p>10% Fees and Charges.</p> <p>90% UAGC</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime				
FUNDING STREAM FS09-78 Olympic Pool Complex	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To provide a high quality aquatic recreation facility for the region. ▶ To maximise the use of the facility within the terms of the charging regime determined by Council. <p>Reason Why Activity is Engaged In</p> <ul style="list-style-type: none"> ▶ Discretionary. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The community benefits through learn-to-swim opportunities, and the pools contribution to a health lifestyle. ▶ Users of the facility derive private benefit: ▶ Several Health Support Groups use the facility to enhance the quality of their target groups to assist in rehabilitation. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All year round, with a peak in the summer holiday season. <p>Funding Sources and Mechanisms</p> <p>40% Fees and Charges</p> <p>60% Weighted Differential General Rate based on Capital Value; weighted:</p> <table border="0"> <tr> <td>Inner Zone</td> <td>1.0</td> </tr> <tr> <td>Outer Zone</td> <td>0.3</td> </tr> </table>	Inner Zone	1.0	Outer Zone	0.3
Inner Zone	1.0				
Outer Zone	0.3				
FUNDING STREAM FS09-79 Parks and Reserves	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ The provision of passive and active open space and associated recreational amenities. ▶ The provision of public access points to rivers, lakes, streams and the coast. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Public Expectation. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community through both formal (sports clubs) and informal activities. ▶ Individual benefit through exclusive use activities (eg. bowling clubs); regular occupation; events and commercial functions. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All the time. <p>Funding Sources and Mechanisms</p> <p>95% Differential Targeted Rate: 80% to Inner Zone, 20% to Outer Zone.</p> <p>5% to private users through Fees and Charges</p>				

Significant Funding Stream Grouping	Activity and Description of Rating Regime
FUNDING STREAM FS09-80 Theatres and Public Halls	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To provide facilities so as to encourage and enable the public to experience the performing and visual arts to provide venues suitable for seminars, weddings and other community activities. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. ▶ Public expectation. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ The whole community benefits by having suitable facilities to stage meetings, functions and the arts. ▶ There are identifiable specific groups and individuals. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Now and in the future. <p>Funding Sources and mechanisms</p> <p>25% Fees and Charges. (Apply a transition over five years from the current 36%.0</p> <p>37% Uniform Annual General Charge as there is an element of equal benefit over the whole district.</p> <p>38% Targeted Rate to Inner Zone, based on capital value.</p>
FUNDING STREAM FS09-81 Tourism	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To promote the district nationally and overseas, and to coordinate events that will benefit the district and visitors to the district. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Information Centres: Mandatory. ▶ Events and other aspects; discretionary. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ Some sectors of business are significant beneficiaries. ▶ Part of activity is the public's contribution to having a vibrant community. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ Public awareness of the region spins off well after the major events have concluded. <p>Funding Sources and Mechanisms</p> <p>50% Targeted Rate to Accommodation and Retail businesses over the whole district, based on Capital Value. (Including B&Bs)</p> <p>40% Targeted Rate to all Industrial and Commercial properties based on Capital Value.</p> <p>10% UAGC.</p>

Significant Funding Stream Grouping	Activity and Description of Rating Regime
<p>FUNDING STREAM FS09-82</p> <p>Waikanae Holiday Park</p>	<p>Description of Activity</p> <ul style="list-style-type: none"> ▶ To provide Holiday Park accommodation for visitors to the district. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> ▶ Discretionary. <p>Benefits Accruing</p> <ul style="list-style-type: none"> ▶ There is some indirect public benefit. To the degree that a good quality Holiday Park attracts visitors from outside the region who enhance the local economy. ▶ The customers who use the facility receive significant private benefit. <p>When do Benefits Occur?</p> <ul style="list-style-type: none"> ▶ All year round, with a peak in the summer holiday season. <p>Funding Sources and Mechanisms</p> <p>100% Fees and Charges to those who use the facility.</p> <p>NOTE: Profits are returned to the ratepayer through reduced UAGC charges</p>

Liability Management Policy

The Council's general policy on Liability Management under Sections 102(4) and 104 of the Local Government Act 2002 is set out below. Council's detailed operational policy is included in its Treasury Management Policy and Procedure Manual which includes Council's detailed objectives, policies, strategies, monitoring and reporting procedures.

This policy will be reviewed and updated at least every three years as part of the update of the Council's Long-Term Council Community Plan (Ten Year Plan).

1. OBJECTIVES

The Council's policies on liability management are based on the following key elements.

- ▶ Liabilities must be maintained at a prudent level.
- ▶ Borrowings provide a basis to achieve intergenerational equity.
- ▶ Borrowings are done globally to fund the entire Council balance sheet.
- ▶ Borrowings must be undertaken efficiently and in accordance with this policy.

Council will borrow as it considers appropriate. Generally, Council will approve borrowing and facilities as part of either the Long-Term Council Community Plan or the Annual Plan. The estimated debt levels are based on the cash flow projections in these plans.

Council delegates its borrowing powers to the Chief Executive and management of Council in accordance with the Delegation Manual and as set out in the Treasury Management Policy and Procedure Manual.

2. BORROWING LIMITS

Council will manage external borrowing within the limits approved by Council from time to time and set out in the Treasury Management Policy and Procedure Manual.

In managing borrowing limits Council will utilise the following measures:

Ratio	GDC Limits	Effective GDC Limit (30 June 2008)
Net debt as a percentage of equity	<10%	\$168M
Net debt as a percentage of income	<95%	\$67M
Net debt per capita (44,460 residents)	<\$1,700	\$75M
Net interest as a percentage of income	<10%	\$88M (interest @ 8%)
Net interest as a percentage of annual rates income	<15%	\$72M (interest @ 8%)

Council will adhere to the borrowing limit that is reached first and provides the lowest level of debt capacity. Council will report compliance to these limits on a quarterly basis.

3. TYPES OF BORROWING

Council will utilise the most appropriate and cost effective borrowing source as determined from time to time by management. Approved sources for borrowing are:

- ▶ Short-term and medium-term borrowing from the NZ banking market.
- ▶ Leasing and hire purchase (including sale and lease back where appropriate)
- ▶ Issue of Local Authority stock and debentures to the wholesale/retail investor market.
- ▶ Issue of Commercial Paper, notes and bonds to the wholesale/retail investor market.

Council may approve other sources of financing as recommended by management from time to time and subsequently incorporated in to the Treasury Management Policy and Procedure Manual.

4. SECURITY

All Council loans and interest rate risk management instruments will be either unsecured, or secured under the Council's Debenture Trust Deed. This security relates to any loan and to the performance of any obligation under any incidental agreement.

A charge will be granted over assets only where:

- ▶ there is a direct relationship between the debt and the asset purchase/construction for example operating lease or project finance
- ▶ the Council considers a charge over assets to be appropriate
- ▶ any charge must comply with the terms and conditions contained within the trust deed.

However, before securing borrowings over specified assets or rates revenue, Council will consider all options and choose the preferred option balancing flexibility, overall cost of borrowing and terms/conditions. A register of charges is maintained at the Council's offices.

5. DEBT REPAYMENT

The Council will manage debt on a netting basis at all times, ie, it will fund the balance sheet as a whole netting off reserves and borrowings to minimise external borrowings.

The Council may repay borrowings from renewal loans or surplus funds.

Subject to any specific direction from Council, the funds from the disposition of fixed and investment assets will be applied in reduction of debt and/or borrowing requirements. Operating surpluses will also be applied to the reduction of debt.

6. INTERNAL DEBT MANAGEMENT

As external borrowings fund the entire Council balance sheet, Council utilises internal loans to allocate borrowing costs to the appropriate cost centre.

The Treasury function will be responsible for administering the Council's internal debt portfolio. Internal loans are set up within the internal debt portfolio for each department's loan-funded expenditure.

7. CREDIT EXPOSURE

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.

The Council limits its credit risks by:

- ▶ placing investments with approved organisations and within the maximum levels set out in the Treasury Management Policy and Procedure Manual.
- ▶ financial derivative contracts are only transacted with registered banks with a strong long-term credit rating issued by Standard and Poors (or an equivalent) and the maximum exposure to any one party will be limited as set by time to time by council in the Treasury Management Policy and Procedure manual.
- ▶ all parties with whom Council intends to conclude a major contract will be subject to formal credit approval process as set out in the Treasury Management Policy and Procedure Manual.

8. INTEREST RATE RISK EXPOSURE

Interest rate risk is the risk that funding costs (due to adverse movements in market interest rates) will exceed the annual plan or the LTCCP (Long-Term Council Community Plan) cost projections. This would adversely impact on borrowing cost controls, capital investment decisions and the feasibility of some projects.

Interest rate risk management is carried out using approved financial instruments including:

- ▶ interest rate swaps
- ▶ forward rate agreements
- ▶ purchased interest rate options, including options on bank bills (caps) and swaps (swaptions)
- ▶ interest rate collars but only on a 1:1 basis.

Credit exposure on these financial instruments is restricted by specified counterparty credit limits set out in the Treasury Management Policy and Procedure Manual.

Any other financial instrument must be specifically approved by Council on a case-by-case basis.

Approved instruments cannot be sold outright for the purpose of generating income as this represents speculative investment which is prohibited by Council.

Approved instruments can be dealt on a forward start basis. This is in accordance with the limits set out in the Treasury Management Policy and Procedure Manual.

Interest Rate Risk Control Limits

Council's interest rate repricing risk on its 12 month forecast net debt/borrowings must be within the fixed interest rate risk control limits, and also the interest rate maturity time band set from time to time by Council. These limits are set out in the Treasury Management Policy and Procedure Manual. A schedule outside these limits requires specific Council approval.

9. LIQUIDITY RISK

Council cash flows will have deficits in various periods and years as a result of working capital requirements, the cyclical nature of income flows, the capital expenditure programme and the maturity profile of loans and other advances. Liquidity risk management focuses on the ability to borrow at these times to fund these deficits. Funding risk management concentrates on the ability to refinance or raise new debt at these times in a cost effective manner (including fees, borrowing margins and the maturity profile). Liquidity and funding risk control limits are set out in the Treasury Management Policy and Procedure Manual.

Council will minimise its liquidity risk by:

- ▶ matching expenditure closely to its revenue streams and managing cash flow timing differences through its bank facilities
- ▶ maintaining its cash management investments in liquid and negotiable instruments and unutilised committed bank facilities
- ▶ ensuring that treasury investments are only made with approved institutions utilising approved financial instruments in terms of the Council's investment policy
- ▶ avoiding a concentration of debt maturity dates.

10. OPERATIONAL RISK

Operational risk arises from the nature of treasury activities. These are principally financial transactions of often large denominations, regularly initiated verbally and often comprising complex instruments where simple mistakes can lead to significant loss.

Council policy is to minimise losses arising from mistakes and lack of adherence to policies by:

- ▶ appropriate and clear delegation of authority to specified individuals within the organisation

- ▶ clear cut division of responsibilities between authorising/executing and recording/settling transactions
- ▶ timely and accurate reporting to allow monitoring of risk and policy adherence
- ▶ annual reviews of treasury policy and Treasury operation.

Detailed procedures and controls are documented within the Treasury Management Policy and Procedure Manual.

11. RESERVES

The Council has a number of reserves that have been created for specific purposes which the treasury function is responsible for administering. The Council does not generally hold liquid assets to support reserves, rather funding is arranged as required to match withdrawals from reserves. The Council maintains committed lines and liquid bank deposits sufficient to cover the sum of the Council's contingency reserves.

12. CONTINGENT LIABILITIES

Council provides financial guarantees to community and service organisations. 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 takes immediate action to recover the money.

13. FOREIGN EXCHANGE RISK

From time to time Council may have foreign exchange exposure through the occasional purchase of foreign currency denominated plant, equipment and services.

All foreign exchange exposures are recognised and hedged in accordance with the Treasury Management Policy and Procedure Manual when the exact timing and amount of the exposure is known. Exposures are hedged using foreign exchange contracts arranged by the Council or the supplier.

Council will not borrow or enter into incidental arrangements within or outside New Zealand in a currency other than the New Zealand dollar.

14. OTHER GRANTS and ADVANCES

Council acts as a middleman for various community organisations. It receives grants from various sources and makes advances on these funds after relevant approvals.

Investment Policy

The Council's general policy on investments under Sections 102(4) and 105 of the Local Government Act 2002 is set out below. Council's detailed operational policy on investments is included in its Treasury Management Policy and Procedure Manual which includes Council's objectives, policies, strategies, monitoring and reporting procedures.

This policy will be reviewed and updated at least every three years as part of the update of the Council's Long-term Council Community Plan (Ten Year Plan)

1. OBJECTIVES

The objective of this Investment Policy is to ensure that the Council's portfolio of investments is managed in a prudent and competent manner in accordance with the Local Government Act 2002.

Council will manage its investment portfolios to optimise investment value and returns in the medium to long term while balancing risk and return considerations.

In managing and selecting investments Council will aim to:

- ▶ protect the investment capital value and minimise the risk of loss
- ▶ optimise the investment value and return
- ▶ ensure investments are of a type that provide Council with funds when required, including sustainable income flows from commercial investments
- ▶ spread the risk by diversifying the mix of investments
- ▶ promote economic and business development within the district.

Council may make strategic, commercial and semi-commercial investments.

- ▶ Commercial investments are those made primarily for capital gain or maximum investment yield. The performance of these investments will be assessed on a purely financial basis.
- ▶ Strategic and semi-commercial investments are those made to promote economic and business development within the district and/or achieve other goals set out in the Council's Long-Term Community Plan or Annual Plan. Strategic investments and semi-commercial investments may not provide a commercial return.

The current objectives and targeted rates of return for all investments are set out in the Treasury Management Policy and Procedure Manual.

2. INVESTMENT MIX

Council may maintain investments in:

- ▶ equity investments
- ▶ property investments
- ▶ forestry investments
- ▶ infrastructural asset investments
- ▶ financial investments
- ▶ loan advances.

3. ACQUISITION OR DISPOSAL OF INVESTMENTS

Any non day-to-day acquisition or disposition of investments requires Council approval. At the time of disposal, Council determines the most appropriate use of the sale proceeds. Council may consult with the public on an acquisition or disposal, depending on the significance of the proposal or the intended use of the funds from that disposal.

Commercial and Semi-Commercial Investments

Council will only make new investments and/or retain existing investments if all the following criteria are met.

- ▶ The investment has clear long-term benefits for the community or the district.

- ▶ The risks associated with the investment can be managed within acceptable levels.
- ▶ The investment will provide Council with funds when required, including where appropriate sustainable income flows.
- ▶ Making or retaining the investment would not result in a material breach of the borrowing limits set out in the Liability Management Policy.
- ▶ Council's overall investment risk is spread by ensuring that the overall value of any single investment does not exceed either the percentage of the total consolidated assets of Council or the percentage of total investments, as set out by Council from time to time and detailed in the Treasury Management Policy and Procedure Manual.

4. MANAGEMENT and REPORTING OF INVESTMENTS

Council may delegate the power to approve individual transactions provided they are within the investment strategy as detailed in its Treasury Management Policy and Procedure Manual.

As each investment (or category of investments) will have its own unique characteristics, a specific management and return policy for each investment will be included in the Treasury Management Policy and Procedure Manual.

In determining investment holding structures, Council will consider the following criteria.

- ▶ Appropriate separation of management and governance.
- ▶ Imposing commercial discipline on the investment activity to produce an appropriate return by ensuring appropriate debt/equity funding and requiring a commercial rate of return.
- ▶ Separation of Council's investment assets from Council's public good assets.

Periodically Council will review its investment holding structure to determine if it is still an appropriate vehicle for holding Council's investments.

The Finance and Monitoring Committee reviews performance of all investments on a regular basis to ensure strategic and economic objectives are being achieved.

5. INVESTMENT RISK MANAGEMENT

Council's investments give rise to a direct exposure to credit risk, interest rate risk, liquidity risk, and market risk which can impact on the capital value of its investments.

Credit risk is managed by placing maximum limits for each class of investment by issuer, performing credit evaluations as appropriate and investing funds with approved institutions that have satisfactory credit ratings.

Interest rate risk is managed by matching investment and borrowing maturities, and the use of interest rate instruments for interest rate risk management purposes.

Liquidity risk is managed by ensuring that all investments are capable of being liquidated in a readily available secondary market or that appropriate standby facilities have been established.

Market risk is the risk that arises from the potential change in the value of an investment. Market risk results primarily from changes in market interest rates. The Council manages this risk as part of its overall management of interest rate risk.

The Corporate Affairs Manager approves a risk management strategy. The Finance and Monitoring Committee reviews this strategy on a regular basis.

All investments will be made strictly in accordance with the policies and procedures set out in Council's Treasury Management Policy and Procedure Manual.

Commercial investments are subject to a broad range of active commercial reviews including regular hold/sell reviews, portfolio analysis and comprehensive monitoring.

Strategic and semi-commercial investments are subject to a narrower range of active commercial reviews given their infrastructural relationships. This includes business monitoring and long-term planning appropriate to the scale and complexity of each business.

Treasury investments are made from short-term surplus funds available to Council from time to time and typically made in the form of financial instruments. To minimise operational risks, these investments will be made strictly in accordance with the policies and procedures set out in Council's Treasury Management Policy and Procedure Manual.

6. INVESTMENT INCOME

Income from investments will be utilised as determined from time to time by Council and incorporated in the Treasury Management Policy and Procedure Manual. In general, income will be utilised to support ongoing Council operations.

Development Contributions Policy 2009

Council's Development Contributions, or Financial Contributions Policy (under Sections 102(4) and 106 of the Local Government Act 2002) is outlined below.

Note that this Policy was the subject of an amendment which was carried out in parallel with the preparation of the 2011/12 Annual Plan. The amendment (which was subject to the special consultative procedure) revised the Development Contributions Policy to enable contributions to be sought to fully or part-fund the construction of new infrastructure in the Western Industrial/Aerodrome Road Area."

The amendment increased the development contribution rates per HUE for land transport, water supply, wastewater and stormwater.

PART 1 ■ Introduction

Council is required under the Local Government Act 2002 (LGA 2002) to have a policy on development contributions or financial contributions in its Long-Term Council Community Plan (Ten Year Plan). This policy on development contributions replaces the previous Development Contributions Policy 2008.

The substantive part of this policy is contained in Part 2. This sets out how and when development contributions are assessed, as well as provisions relating to payment of contributions such as timing of payments, enforcement, remission and postponement of payments. This part is read with the schedule of contributions at the end of the policy.

Part 3 provides background to Part 2. It sets out, at a conceptual level, how the charges have been developed.

A summary of the financial contribution provisions in the Gisborne District Combined Regional Land and District Plan, which were adopted under the Resource Management Act 1991, is provided in Part 4 of the Policy.

Part 5 addresses the review of the Development Contributions Policy and revision of the contribution rates.

The Schedule to the policy contains further detail about the development and implementation of the policy. This includes the development contribution rates, and development contribution catchment maps.

PART 2 ■ Assessment of Development Contributions

2.1 COMMENCEMENT

Relevant applications (as set out in section 2.2) lodged on or after 1 July 2009 will be subject to assessment for development contributions under this policy.

Applications lodged on or after 1 July 2008 and before 1 July 2009 may be subject to assessment under the Development Contributions Policy 2008.

In addition, applications for resource consent may also be subject to assessment for financial contributions under the Part-Operative Combined Regional Land and District Plan.

2.2 APPLICATIONS ASSESSED

Gisborne District Council will assess the following types of applications to determine whether development contributions are required under this policy:

- ▶ Applications for subdivision resource consent under the Resource Management Act 1991.
- ▶ Applications for land-use resource consent under the Resource Management Act 1991 or building consent under the Building Act 2004 where the consent is associated with:
 - the creation of new dwellings (including relocation of existing houses) on a site
 - the creation of new buildings or extension of the gross floor area of buildings
 - the change in use of a building
 - an increase in the design occupants of a visitor accommodation or residential services activity
 - an increase in the amount of impervious surfaces

- ▶ applications for service connection including water, wastewater, trade waste and stormwater applications.

Note: Designations are not assessed, but the development may be assessed at building consent stage.

The assessment will be made against the first consent application lodged for a development and a reassessment made on every subsequent consent application. Provided that the Council may choose not to assess a subdivision or land-use resource consent for a non-residential development due to uncertainty about the nature of the development and instead delay assessment to building consent stage. The Council may also delay assessment of residential development in the case of land-use consent to building consent stage.

Each reassessment will take into account the number of units of demand previously assessed and determine whether the development still generates the same number of units of demand.

2.3 ACTIVITIES FOR WHICH DEVELOPMENT CONTRIBUTIONS ARE ASSESSED

Applications will be assessed for contributions for five different activities, namely:

- ▶ reserves and open spaces (includes land acquisition principally for public space as well as development of community infrastructure associated with reserves)
- ▶ land transport (roads and other land transport infrastructure)
- ▶ water supply
- ▶ wastewater
- ▶ stormwater.

2.4 METHOD FOR ASSESSMENT OF CONTRIBUTIONS

2.4.1 Formula for Calculating Contributions

Contributions (C) for Reserves and Open Spaces, Land Transport, Water Supply, Wastewater and Stormwater will be calculated according to the following formula:

$$C = H \times R$$

Where:

H = Number of Household Unit Equivalents (HUEs) or units of demand calculated in accordance with section 2.4.3; and

R = The applicable rate per HUE for the type of contribution (activity) and the catchment associated with the development (refer to Part 2 of the Schedule).

2.4.2 Catchments

The catchments for charging each type of contribution are set out below:

- ▶ Reserves and Open Spaces – district-wide.
- ▶ Land Transport - district-wide.
- ▶ Water Supply – Gisborne Urban Area (water and wastewater catchment).
- ▶ Wastewater - Gisborne Urban Area (water and wastewater catchment).
- ▶ Stormwater – Gisborne Urban Area (stormwater catchment).

Maps of the Water Supply, Wastewater and Stormwater catchments are provided in Part 4 of the Schedule.

If for any reason a development falls outside the catchment and is still served by the network infrastructure in the adjacent catchment, then the calculation of contributions shall be as if the development was located within the adjacent catchment.

2.4.3 Household Unit Equivalents (HUEs)

2.4.3.1 Assessment on the Basis of Multipliers

Subject to 2.4.3.2, the number of household unit equivalents (HUEs) associated with a development will generally be assessed on the basis of the standard multipliers set out below, less any credits provided for in 2.4.3.3.

a) Residential Developments

Activity for which Contributions Assessed	Unit of Measure	Multiplier (HUE/Unit of Measure)
All	Residential allotments or allotments used for residential purposes OR the first dwelling unit on an allotment.	1 (allotments and dwelling units of 60m ² or more gross floor area). 0.5 (dwelling units less than 60m ² gross floor area).
All	Every second and subsequent dwelling unit on an allotment	1 (60m ² or more gross floor area). 0.5 (less than 60m ² gross floor area).

b) Non-Residential Developments

Activity for which Contributions Assessed	Type of Development	Unit of Measure (U)	Multiplier (M) (HUE/unit of measure)
Land Transport	Commercial (excluding retail)	GFA of buildings (in 100 m ²)	1.3
Land Transport	Retail	GFA of buildings (in 100 m ²)	Retail activity less than 4,000m ² GFA: 3.4-(0.016x GFA of the activity /100) Retail activity 4,000m ² or more GFA: 1.8
Land Transport	Restaurants, Cafes and/or Bars	Primarily dine-in: The number of diners/patrons for which the development is designed; or Primarily takeaways GFA of buildings (in 100 m ²).	Primarily dine-in: 0.046 Primarily takeaways: 3.4
Land Transport	Health and/or Community Services	GFA of buildings (in 100 m ²)	3.4
Land Transport	Heavy Manufacturing	GFA of buildings (in 100 m ²)	1.3
Land Transport	Other Industry / Servicing	GFA of buildings (in 100 m ²)	2.8
Land Transport	Warehousing/Storage	GFA of buildings and/or area of outdoor storage area (in 100 m ²)	0.42

Activity for which Contributions Assessed	Type of Development	Unit of Measure (U)	Multiplier (M) (HUE/unit of measure)
Land Transport	Commercial (excluding retail)	GFA of buildings (in 100 m²)	1.3
Land Transport	Visitor Accommodation	The number of design occupants	0.15
Land Transport	Residential Services	The number of design occupants	0.14
Land Transport	Education	GFA of buildings (in 100 m ²)	2.5
Land Transport	Community Infrastructure	GFA of buildings (in 100 m ²)	0.80
Land Transport	Agriculture / Forestry	GFA of buildings (in 100m ²)	0
Water and Wastewater	Commercial (excluding retail)	GFA of buildings (in 100 m ²).	0.33
Water and Wastewater	Retail	GFA of buildings (in 100 m ²)	0.21
Water and Wastewater	Restaurants, Cafes and/or Bars	Primarily dine-in: The number of diners/patrons Primarily takeaways: GFA of buildings (in 100 m ²)	Primarily dine-in: 0.049 Primarily takeaways: 1.5
Water and Wastewater	Health and/or Community Services	GFA of buildings (in 100 m ²)	1.2
Water and Wastewater	Heavy Manufacturing or Other Industry/ Servicing	GFA of buildings (in 100 m ²)	0.23
Water and Wastewater	Warehousing / Storage	GFA of buildings and/or area of outdoor storage area (in 100 m ²)	0.16
Water and Wastewater	Visitor Accommodation	The number of design occupants	0.17
Water and Wastewater	Residential Services	The number of design occupants	0.38
Water and Wastewater	Education	GFA of buildings (in 100 m ²).	0.29
Water and Wastewater	Community Infrastructure	GFA of buildings (in 100 m ²)	0.18
Water and Wastewater	Agriculture / Forestry	GFA of buildings (in 100m ²)	0
Stormwater	All Non-Residential	Impervious surfaces (in 100 m ²). Excludes impervious surfaces that form public roads and footpaths.	0.29

c) Additional Rules Relating to Assessment on the Basis of Multipliers

- i) Each application is assessed as a residential development, non-residential development, or a mixture. Mixed developments are assessed under the provisions that apply to each of those types of developments.
- ii) Units of demand will only be assessed for Water or Wastewater if a connection to the network is or will be available.
- iii) Allotments subject to an amalgamation condition, or that will be subject to an amalgamation condition, shall be considered as one allotment for the purpose of calculating HUEs.
- iv) For the avoidance of doubt, dwelling units of less than 60m² gross floor area that are classified as minor dwelling units under the Combined Regional Land and District Plan will be assessed as half a unit of demand if a household unit could potentially reside in the building.
- v) Non-residential developments will generally be classified as a single development type, ie, the one that best represents the dominant or primary activities associated with the development, and ancillary activities will not be considered separately. However, where a development has distinct parts, the Council may, in its discretion, consider these parts separately. For example, the wine manufacturing component of a winery may be considered separately from the restaurant component. Any part of the building used or intended to be used to accommodate households will be excluded from the calculation.

- vi) Where a non-residential development is not described by the types of non-residential development identified above, the multiplier for the type of development with the most similar demand characteristics will be used.
- vii) Any outdoor storage/display area for goods, eg, garden centre display areas, will be included in the calculation of GFA for retail developments.
- viii) Each retail premise in a development shall be considered separately to determine the number of HUEs for Land Transport.
- ix) For multi-storey, multi-unit residential developments, the number of HUEs for stormwater development contributions will be based on the number of dwelling units or allotments (as appropriate) on any one level of the development, selected so that the maximum number of HUEs results.
- x) Where a residential and non-residential aspect of a development share a common footprint, the number of HUEs for stormwater shall be based on the approach for non-residential development, ie, impervious surfaces.

2.4.3.2 Assessment on the Basis of Actual Anticipated Demand

If the actual demand associated with a non-residential development is likely to be significantly different, that is more than twice as much or less than half as much, than what is implied by the multipliers and demand assumptions in Parts C and D of the Schedule, the Council may, in its discretion, choose to calculate the number of HUEs on the basis of the actual anticipated demand, less any credits provided in 2.4.3.3.

In determining whether to use this alternative calculation the Council will consider the likelihood that the demand will change overtime and whether, therefore, the standard approach may be more appropriate.

An assessment on the basis of actual anticipated demand shall be made by estimating the actual demand associated with the development for each service, in the units of measure set out in Part 3 to the Schedule, and dividing this by the demand assumptions for a HUE, which are also set out in Part 3 to the Schedule. The calculation may be adjusted to reflect other factors that influence the design of infrastructure, peak demand issues, measures to mitigate demand.

2.4.3.3 Assessment of Credits for Historic Development

Historic credits acknowledge prior development of the site which has ceased and will be applied against the number of units of demand assessed for a development under 2.4.3.1 or 2.4.3.2. The onus is on the applicant to include details in the application of the historic development.

Credits can only be used for a development on the same site and cannot be transferred from one activity to another.

The number of credits available is calculated under the policy that applies at the time of the assessment of the development. Credits are calculated in terms of 2.4.3.1 or 2.4.3.2 for the prior development.

The additional credits will not be refunded if the number of units of demand assessed for any activity for the historic development exceed the number of units of demand assessed for the new development. However, the historic development may be considered again when assessing credits for any future development.

Credits for historic non-residential development will only be awarded if the elements that imply that development (ie, the buildings, impervious surfaces, households etc.) were present in the five years prior to assessment.

2.4.4 Standard Reductions

The value of the development contribution assessed will be reduced for the following reasons:

- a) Esplanade Reserves
Esplanade reserves or strips required under the Resource Management Act 1991 and associated with the development will be offset against development contributions payable for Reserves and Open Spaces, up to the value of the contribution payable.

Valuation of the Esplanade Reserve or Strip will be GST exclusive and shall be assessed in terms of section 62(1)(b) of the Public Works Act 1981. The date of valuation shall be no more than 12 months before the requirement for the contribution.

- b) Special Circumstances
Special circumstances may apply in relation to some service connections which will be taken into account to reduce the development contribution payable eg, a targeted or special rates levy has been agreed pending the installation of a new service and as such provides for that property to connect to the services when commissioned. Under these circumstances the special agreement would be honoured and no development contribution would be applied, except for where the demand proposed is greater than that envisaged by the special rate and a development contribution, or part thereof, will be charged.

2.4.5 Reassessment of a Development

Where a development becomes subject to assessment under more than one development contribution policy or version of a policy then the assessment of units of demand under the most recent policy or version shall prevail for the development as a whole.

Any increases in the number of units of demand (HUEs) shall be charged at the rate provided in the policy or version that applies at the time of the reassessment; while any reductions in the number of units of demand assessed for the development shall be refunded at the rate in the policy or version that applied at the time the units of demand (for which the refund is given) were assessed.

For the avoidance of doubt, no refund shall be given or additional contributions required because the rate per unit of demand has changed.

2.4.6 Money or Land

The LGA 2002 provides that a development contribution for Reserves may be money or land, or both. Under this policy the contribution for Reserves and Open Spaces shall be made in money unless, at the sole discretion of the Council, land is accepted.

In general, Council will only accept land as a development contribution for Reserves and Open Spaces where it is specifically a recreation, scenic or historic reserve and will be vested as such on subdivision or otherwise classified. However, Council may also accept easements for access, etc to Reserves and Open Spaces or for recreational purposes. In determining whether to accept land the Council will have regard to existing policies eg, the Open Space Strategy for Gisborne City and Wainui and the Walking and Cycling Strategy. Drainage reserves and areas within reserves which are used primarily for drainage (eg, retention pond areas), while they may be accepted by Council, will not form part of a development contribution for Reserves and Open Spaces.

2.4.7 Special Circumstance Agreements

Where it is in the best interests of all parties (the developer, the community and Council), the Manager of Engineering and Works and the Manager of Environment and Planning, on behalf of Council,

may enter into a Special Circumstance Agreement with a Developer. The agreement must clearly state any departures from the standard development contribution calculation, and the reasons for entering into the agreement. Entering into a Special Circumstance Agreement will always be at the discretion of Council.

Reasons for entering into a Special Circumstance Agreement may include that:

- (a) the developer seeks infrastructure to be provided over a different timeframe from that planned in the capital works programme
- (b) services can be provided in a manner different to Council's standard procedures/guidelines
- (c) the Council seeks to acquire land for Reserves or Open Spaces
- (d) the development includes works which duplicate works provided for in Council's Ten Year Plan
- (e) the development requires service levels in excess of what would generally be provided for in the zone and the Council considers that it is appropriate to provide the service.

2.5 PAYMENT and ENFORCEMENT POWERS

Until development contributions required in relation to a development have been paid Council may, pursuant to section 208 of the LGA 2002:

- (a) in the case of a development contribution required when granting resource consent under the Resource Management Act 1991, withhold the section 224(c) certificate on a subdivision and prevent the start of a resource consent
- (b) in the case of a development contribution required when granting a building consent under the Building Act 2004, withhold a code compliance certificate to be issued under Section 95 of the Building Act 2004

- (c) in the case of a development contribution required for an authorisation for a service connection, withhold that service connection
- (d) in each case, register the unpaid development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the development contribution was required.

2.6 REVIEW - REFUNDS - POSTPONEMENTS

2.6.1 Refunds

A refund of money or return of land will occur in the circumstances set out in sections 209 and 210 of the LGA 2002 where applicable.

Costs already incurred by the Council in relation to the development or building and its discontinuance will be deducted.

For the avoidance of doubt, Council will not refund a contribution where a specific capital project does not proceed, except when the service for which the contribution was taken is not provided.

2.6.2 Postponements

Postponements on payment of a development contribution will not be applied.

2.6.3 Review Process

Any applicant for a resource consent, building consent or service connection may seek a review by the Manager of Engineering and Works and the Manager of Environment and Planning, on behalf of Council, as to whether the policy has been applied correctly. Any such request must be made in writing within 20 working days of the Council advising that a development contribution is required, or within 20 working days after the consent has been granted, whichever occurs later.

The request must clearly state the site and specific application subject to the contribution, the particular contribution(s) to be reviewed, and any matters the applicant would like Council to take into consideration when undertaking the review.

The applicant will be advised of the result of the review in writing and within 20 working days of the review request being considered.

At this time there is no charge for the administrative costs of processing these reviews. The Council may introduce a charge at a later date.

2.7 OTHER MATTERS

2.7.1 Goods and Services Tax (GST)

Once all the development contribution calculations are complete, GST shall be added to the final invoice as required by the legislation and/or regulation of the day.

2.7.2 Valuations

Where it is necessary to value land to ensure the maximum contribution requirement in section 203(1) of the Local Government Act 2002 is not exceeded, or to assess the value of an esplanade reserve or contribution in land, the value shall be assessed in terms of section 62(1)(b) of the Public Works Act 1981. The date of valuation shall be no more than 12 months before the requirement for the contribution.

In addition, where it is necessary to value land to ensure the maximum contribution requirement in section 203(1) Local Government Act 2002 is not exceeded, valuation of the additional allotments created by subdivision shall be calculated as the average value (the mean) of all post-development allotments intended or capable of supporting residential development.

2.7.3 Applications to Vary Consents or the Conditions of Consent

Where applications are received to vary a consent or the conditions of a consent, a new assessment will be made reflecting any increase or reduction on the demand for infrastructure and/or services that would result in a change to the household unit equivalents (HUEs) relating to the original consent application.

2.7.4 Council Developments

The Council is exempt from paying any development contributions on any development that itself is a capital expenditure for which development contributions are required. The Council is otherwise required to pay development contributions as assessed under the policy.

PART 3 ■ Explanation of the Method for Developing the Schedule of Charges

3.1 RELEVANT PROVISIONS IN THE LOCAL GOVERNMENT ACT 2002

Relevant provisions in the Local Government Act 2002 include the following:

- Section 199, provides the basis on which development contributions may be required –
 - (1) Development contributions may be required in relation to developments if the effect of the developments is to require new or additional assets of increased capacity and, as a consequence, the territorial authority incurs capital expenditure to provide appropriately for –
 - (a) reserves:
 - (b) network infrastructure
 - (c) community infrastructure.

Subsection (2) clarifies that Council may require a development contribution in relation to capital expenditure already incurred by the territorial authority in anticipation of the development. Subsection (3) states that in subsection (1) effect includes the cumulative effects that a development may have in combination with another development.

- Section 203, sets the maximum contributions for reserves and for network infrastructure and community infrastructure -

- (1) Development contributions for reserves must not exceed the greater of—
 - (a) 7.5% of the value of the additional allotments created by a subdivision; and
 - (b) the value equivalent of 20 square metres of land for each additional household unit created by the development.
- (2) Development contributions for network infrastructure or community infrastructure must not exceed the amount calculated by multiplying the cost of the relevant unit of demand calculated under clause 1 of Schedule 13 by the number of units of demand assessed for a development or type of development, as provided for in clause 2 of Schedule 13.

- Schedule 13, contains the general methodology for determining the maximum development contribution in respect of a community facility or an activity or group of activities for which a separate development contribution is to be required. In short, this requires identification of the costs, as set out in the Ten Year Plan, which the Council expects to meet increased demand resulting from growth and to attribute these costs to units of demand. Clause 2 further requires that the Council demonstrate that the units of demand are attributed to developments on a consistent and equitable basis.

3.2 THE CAPITAL WORKS PROGRAMME

Development contributions are only charged in relation to capital projects identified in the Ten Year Plan. This includes both current projects identified in the Activity Management Plans, as well as past projects identified in Part 5 of the Schedule.

The Capital Works Programme, in turn, is founded on a range of considerations, including:

- ▶ provisions of the LGA 2002, such as the purpose of local government (section 10), decision-making requirements (sections 76-81), the principles relating to local government (section 14)
- ▶ the community outcomes identified in the Ten Year Plan under the LGA 2002
- ▶ projections of growth and other changes in the community which could drive changes in demand
- ▶ service provision levels and standards, which define the services being provided to the community in terms of criteria
- ▶ plans and strategies.

Development contributions have been considered as a potential funding source for the following activities-

- ▶ Reserves and Open Spaces Activity
- ▶ Land Transport Activity
- ▶ Water Supply Activity
- ▶ Wastewater Activity
- ▶ Stormwater Activity.

Other types of network and community infrastructure capital projects could potentially be considered for development contributions in the future.

The Council has used the best information available at the time of developing this policy to estimate the capital expenditure. However, it is likely that actual costs will differ from estimated costs due to factors beyond the Council control, such as changes in the price of raw materials, labour, etc and the timing of capital works taking place.

3.3 UNIT OF DEMAND

The Household Unit Equivalent (HUE) is the base unit of demand used to apportion costs between different types of development in the calculation of development contributions. It represents the assumed demand for the service generated by an average household, as set out in Part 3 of the Schedule.

Every dwelling with a gross floor area of 60m² or more is assumed to represent one HUE of demand for each service. Dwellings with a gross floor area of less than 60m² are considered to represent half a HUE of demand for each service.

2.4.3 above sets out the multipliers used to calculate the number of HUEs associated with non-residential development. In essence, these multipliers represent the assumed typical relationship between the demand generated by non-residential development and the demand generated by households. Similar multipliers are used to convert the growth model to HUEs in the funding model.

3.4 ASSESSMENT OF GROWTH

3.4.1 The Growth Model

Council has developed a Growth Model for the period 2006-2046 to estimate future growth within the Gisborne district. This underpins the development of the policy at two levels. Firstly, as growth drives changes in demand on infrastructure, the growth projections are a foundation for the capital works programme. Secondly, the growth projections are converted into HUEs to model funding and to calculate the development contribution charge (refer to section 3.5.4).

The growth model addresses four indicators of growth: resident population; age and sex of the population; households and gross floor area of non-residential activities.

A full explanation of the methodology used to produce the growth model and spreadsheets containing the relevant figures for the model can be accessed as a supplementary report.

3.4.2 Key Risks/Effects Associated With Growth Projections

Growth projections are subject to uncertainties as to the quantum, timing and location of growth. There is a risk that the growth projections in the model will not eventuate, resulting in a change to the assumed demands on reserves, network infrastructure and community infrastructure. This could result in the over-provision of infrastructure. Furthermore, if the total amount of growth is less than projected, or the proportion of capital expenditure recovered through development contributions will be less than expected. As a consequence there may be increased debt servicing costs to Council. Council will continue to monitor the rate of growth and will update outcomes in the growth and funding models as required.

Under-assessing growth, on the other hand, may result in the under-provision of infrastructure to meet the growth.

3.5 IDENTIFICATION OF GROWTH EXPENDITURE and FUNDING MECHANISMS

3.5.1 General Approach

A summary of the capital expenditure identified in the Community Plan that the Council expects to incur to meet the increased demand for community facilities resulting from growth is contained in Part 6 of the Schedule. The proportion of this growth expenditure that the Council expects to fund from development contributions is also indicated.

In determining the growth expenditure and associated funding mechanisms an analysis is undertaken at three levels:

1. Activity Level

The range of funding mechanisms (consistent with the Revenue and Financing Policy) is identified at the activity level and an initial analysis is made of the considerations in the LGA 2002 (including section 101(3) of the LGA 2002).

2. Programme Level

Further consideration is given to the considerations in the LGA 2002 and their implications for funding.

3. Project Level

At the project level, the drivers for the project are reviewed and a cost process is undertaken to separate the costs into three drivers (growth, backlog and renewal). A catchment is then identified for the project and the funding model applied to provide an indication of the 'raw DC charge' required to fund the growth component. Further consideration is then given to appropriate funding mechanisms, building on the analysis at the activity and programme level and the considerations in the LGA 2002. This may result in re-consideration of the drivers and cost allocation process.

In general terms, the Council has determined to use development contributions to fund the portion of capital indicated in Part 6 of the schedule because:

- ▶ the portion of capital expenditure identified relates to the growth community in terms of sections 101(3)(a)(ii) (beneficiaries) and/or 101(3)(a)(iv) (exacerbators). Development contributions provide a means of directing funding to the growth community.
- ▶ Council recognises that liability for rates is increasingly putting pressure on the social wellbeing of the community and the use of this alternative source of funding will have the benefit of easing the burden of rates.

3.5.2 Cost Allocation

The cost allocation methodology carried out on each project is called the 'Modified Shared Drivers' methodology. This allocates the project costs into three categories so that possible sources of funding can then be identified with reference to the Revenue and Financing Policy. The three categories of costs are:

1. Backlog

The portion of the planned (or completed) project that is required to rectify a shortfall in service capacity to meet existing community demand at the current agreed levels of service. Levels of service describe, in quantitative and qualitative terms, the standard of services that the Council provides for each activity. The Council defines levels of service in consultation with the community on the Ten Year Plan and through strategies and policies.

2. Cost of Renewal

The gross cost of replacing an existing asset with a modern equivalent asset to the same function and capacity at the end of its life.

3. Cost of Growth

The portion of a planned (or completed) capital project providing capacity in excess of existing community demand at the current agreed levels of service. Only the growth portion of the capital works programme is considered for development contributions.

A summary of the Cost Allocation Methodology is as follows:

Step 1 ■ Identify project and costs

- ~ Information about the capital costs and planned timing of expenditure is identified. Costs are specified in present value.

- ~ External Third Party funding (eg, Land Transport New Zealand) is identified and also deducted from further analysis.

Step 2 ■ Consider drivers for the project and identify associated levels of service

- ~ The reasons for doing the project are reviewed and associated levels of service identified.
- ~ Where there is more than one driver the project is split into multiple drivers (on a percentage basis) and associated levels of service are identified for each driver.

Step 3 ■ Define capacities relating to the project

- ~ A capacity measure is identified to reflect each driver of the project and associated level of service. The existing capacity of the current infrastructure, existing demand and total capacity provided by the current infrastructure plus the planned works are identified (based on the year of analysis). The capacity and demand measures are used to divide the cost of the works into backlog and growth cost shares.
- ~ The growth in demand from existing users without any change in level of service (eg, more vehicle movements per day per household) is considered a backlog component, rather than a growth component, and is accounted for by adjusting the capacity measures to reflect anticipated changes in demand.

Step 4 ■ Asset renewal

- ~ Any assets replaced by the project for which depreciation has been collected to fund the eventual replacement are identified.
- ~ The amount of renewal funded by past depreciation is calculated by taking into account the gross replacement cost of the modern equivalent asset and the remaining life at the time of renewal.

Step 5 ■ Cost Efficiency

~ The renewal cost share is adjusted to recognise the efficiencies which may occur by carrying out the renewal component with the provision of new capacity.

Step 6 ■ Determine Cost Shares to Growth and Backlog

~ The remaining proportion of the cost (ie, excluding the renewal component calculated in Step 4 and Step 5) is then attributed to growth and backlog according to the proportions identified in Step 3.

Step 7 ■ Check Growth Cost Share

~ To ensure that the growth cost is not significantly more when the capacity for growth is provided in conjunction with backlog and renewal components. A comparison is made of the calculated growth cost share and a 'Stand Alone Growth Project' that a third party could install to meet just the growth capacity of the proposed works.

All analysis is undertaken in current year dollars. Historic project costs are the actual completed project costs in the dollars of the years in which they were completed and are not inflated to the current year.

3.5.3 Catchments

The capital expenditure related to growth is associated with one or more catchments on an activity-basis. The catchments are determined based on key characteristics including geography, service delivery and the nature and complexity of service provision. The catchments can be either local or district-wide. Individual capital works projects are allocated to catchments depending on the nature of the project and the community the project is intended to serve.

3.5.4 Funding Model

The SPM Consultants funding model is used to calculate the development contribution charges, per HUE, by activity and catchment. Each contribution charge represents the sum of the 'raw DC charges' calculated for the projects within the activity.

Essentially, the funding model divides the growth portion of cost of each project (identified using the cost allocation process) by the number of Household Unit Equivalents projected for the catchment over the funding period for the project, also allowing for:

- ▶ interest credited, at a rate of 5.63% when income from development contributions is projected to exceed the amount spent on the project
- ▶ interest on debt, at a rate of 7.13%, when the amount spent on the project is projected to exceed the income received from development contributions
- ▶ the effects of inflation on costs, using the BERL price level change adjustors (BERL ref #4686).

It is assumed that by the end of the funding period the debt owing on each project is zero.

Interest rates are subject to fluctuation and will be reviewed at each policy review.

The funding model also applies a 'backcharge' which recognises that rating charges to cover the backlog components of the growth may also be applied to the incoming community. The backcharge offsets the resulting rating charge on the incoming community against the DC charge.

3.6 AGGREGATION OF THE CONTRIBUTION

Once funding mechanisms have been decided at the project level the development contributions per HUE are aggregated by catchment and activity to determine the rates per HUE. These are listed in Part 2 of the Schedule.

PART 4 ■ Financial Contributions, Works and Services

4.1 FINANCIAL CONTRIBUTIONS

A Financial Contribution is a contribution from developers in cash or land (or a combination of these) provided for under the Resource Management Act 1991 (RMA 1991). In addition to the contributions introduced by this development contributions policy, financial contribution provisions apply to the District in relation to:

- ▶ Reserves
- ▶ Roads
- ▶ Stormwater
- ▶ Wastewater collection
- ▶ Water supply
- ▶ Esplanade Reserves.

The financial contribution provisions are contained in Chapter 13 (Esplanade Reserves/Strips – Conservation Protection and Public Land Access); Chapter 14 (Financial Contributions); and Chapter 15 (Roads, Accessways and Parking) of the Part Operative Gisborne District Combined Regional Land and District Plan. The Plan is available for viewing at Council offices in Fitzherbert Street and Te Puia Springs, the HB Williams Library and on the Council website –[http:// www.gdc.govt.nz](http://www.gdc.govt.nz).

Council intends to review the Financial Contributions provisions in the Part Operative Combined Regional Land and District Plan. The view is to remove financial contributions for purposes covered by development contributions.

In the meantime, Council will not require a development contribution for any activity where a financial contribution has already been imposed as a condition of a resource consent in relation to the same development, for the same purpose.

The LGA 2002 requires Council to identify the proportion of capital expenditure that is to be funded by financial contributions. None of the capital expenditure identified in the Ten Year Plan is expected to be funded by financial contributions.

A summary of the existing financial contribution provisions in the Combined Regional Land and District Plan is set out below.

4.1.1 Reserves and Esplanade Reserves

Contributions for reserves are payable when an additional lot is created for residential purposes and where development exceeds one dwelling unit per allotment. Contributions can be made in a combination of land and cash. Where the contribution is in the form of land vested during the subdivision process the District Plan requires 130m² for each additional allotment created, up to a maximum of one hectare. The following formula is used to calculate the cash contribution for each additional unit or each additional residential unit and/or allotment:

$$\frac{\text{Site value (\$)} \times 30}{\text{Site Area (m}^2\text{)}}$$

Esplanade reserves / strips may also be required where the development and/or subdivision affects land abutting the coastal marine area or certain rivers.

For clarity, the Esplanade Reserve Contributions continue to apply. However, the development contribution policy allows for the reduction in a reserve contribution required under the policy to offset a requirement for a esplanade reserve / strip.

4.1.2 Stormwater, Wastewater Collection, Water Supply Reticulation

Specific financial contribution formulae apply to the Willows Road Industrial area and the Taruheru subdivision block. There are also more general financial contribution provisions relating to network infrastructure. The provisions could potentially be applied for purposes outside of the scope of development contributions.

4.1.3 Rooding

The Plan provides that the total cost of developing new roads and streets to serve a subdivision or development shall be met entirely as a cost to the developer. In addition, the developer may be required to pay a financial contribution towards the cost of upgrading existing roads serving the subdivision or development. The following formula is used to calculate the maximum contribution that may be required from a development or subdivision toward the cost of upgrading the existing network:

Estimated costs (\$) of road(s) serving the subdivision or development multiplied by:

$$\frac{\text{Annual Average Daily Traffic Increase AADT}}{\text{Existing Traffic} + \text{Average Daily Traffic Increase}}$$

It is intended that the provisions on financial contributions for roading will also be reviewed. Financial Contributions for roading could potentially be applied for purposes outside the scope of development contributions.

4.1.4 Parking

Chapter 15 contains rules specifying the number of parking spaces that must be provided on site for various types of activities. Where the required parking spaces or loading bays for an activity cannot be provided, a financial contribution will be taken based on the formula specified in the chapter.

4.2 CONDITIONS FOR WORKS OR SERVICES

Nothing in this policy will prevent the Council from requiring, as a condition of a resource consent, the provision of works or services to support the immediate proposed development, , except where works are provided for in the Ten Year Plan.

PART 5 ■ Review of the Policy and Revision of the Schedule

5.1 REVIEW OF POLICY

It is anticipated that a new policy will be developed with each Long-Term Council Community Plan, or at shorter intervals if Council considers necessary, to take account of significant changes to:

- ▶ the Development Contributions Policy
- ▶ policy and strategic plans
- ▶ the capital works programme accounting for growth
- ▶ the pattern and distribution of development in the district
- ▶ anticipated inflation or interest rates
- ▶ any other matters Council considers relevant.

5.2 REVISION OF THE SCHEDULE OF CONTRIBUTIONS

Council may also revise the schedule of contributions (Part 2 and the cap on the contribution for reserves) with each Annual Plan to significant differences between actual capital costs incurred and the anticipated costs in the capital work programme.

Schedule to Development Contributions Policy

1. EVENTS THAT MAY GIVE RISE TO A REQUIREMENT FOR DEVELOPMENT CONTRIBUTIONS

The following events may give rise to a requirement for development contributions determined in accordance with Part 1 of this Policy and charged at the rates per HUE set out in Part 2 of the Schedule:

Subdivisions

Granting of Subdivision Resource Consents under the Resource Management Act 1991.

Landuse Consents and Building Consents

Granting of a land-use Resource Consent under the Resource Management Act 1991 or Building Consent under the Building Act 2004 may give rise to a requirement for development contributions under this policy where the consent is associated with:

- ▶ the creation of new dwellings (including relocation of existing houses) on a site
- ▶ the creation of new buildings or extension of the gross floor area of buildings
- ▶ the change in use of a building
- ▶ an increase in the design occupants of a visitor accommodation or residential services activity
- ▶ an increase in the amount of impervious surfaces.

Service Connection

Granting of a service connection, including connections for Water, Wastewater, Trade Waste or Stormwater, may give rise to a requirement for development contributions under this policy.

2. DEVELOPMENT CONTRIBUTION RATES PER HUE

The development contributions payable for Reserves and Open Spaces, Land Transport, Water Supply, Wastewater Stormwater per HUE and catchment are set out in the following table.

ACTIVITY	CATCHMENT	CONTRIBUTION PER HUE (\$)
Reserves and Open Spaces (includes land acquisition and community infrastructure)	District Wide	\$778
Land Transport	District Wide	\$885
Water Supply	Gisborne Urban Area	\$1,121
Wastewater	Gisborne Urban Area	\$5,217
Stormwater	Gisborne Urban Area	\$1,346

3. DEMAND ASSUMPTIONS FOR A HUE

This table contains the demand assumptions for an independent household unit (ie, one unit of demand or 'HUE'). The demand assumptions were used to develop the multipliers used to attribute units of demand to developments assessed on the basis of multipliers. They are also used to attribute units of demand to developments assessed on the basis of actual anticipated demand.

ACTIVITY	Unit of Measurement for HUE	DEMAND PER HUE	COMMENTS
Reserves and Open Spaces	Apportionment of total demand on Reserves and Open Spaces	1 Apportionment	
Land Transport	Number of vehicle trips per day associated with the development	6	
Water Supply	Daily flow	800 L /day	
Wastewater	Daily flow	614 L/day	
Stormwater	Impervious surface area	340m ²	Excludes impervious surfaces associated with roads or other public land.

4. CATCHMENT MAPS

Figure 1: Stormwater Catchments

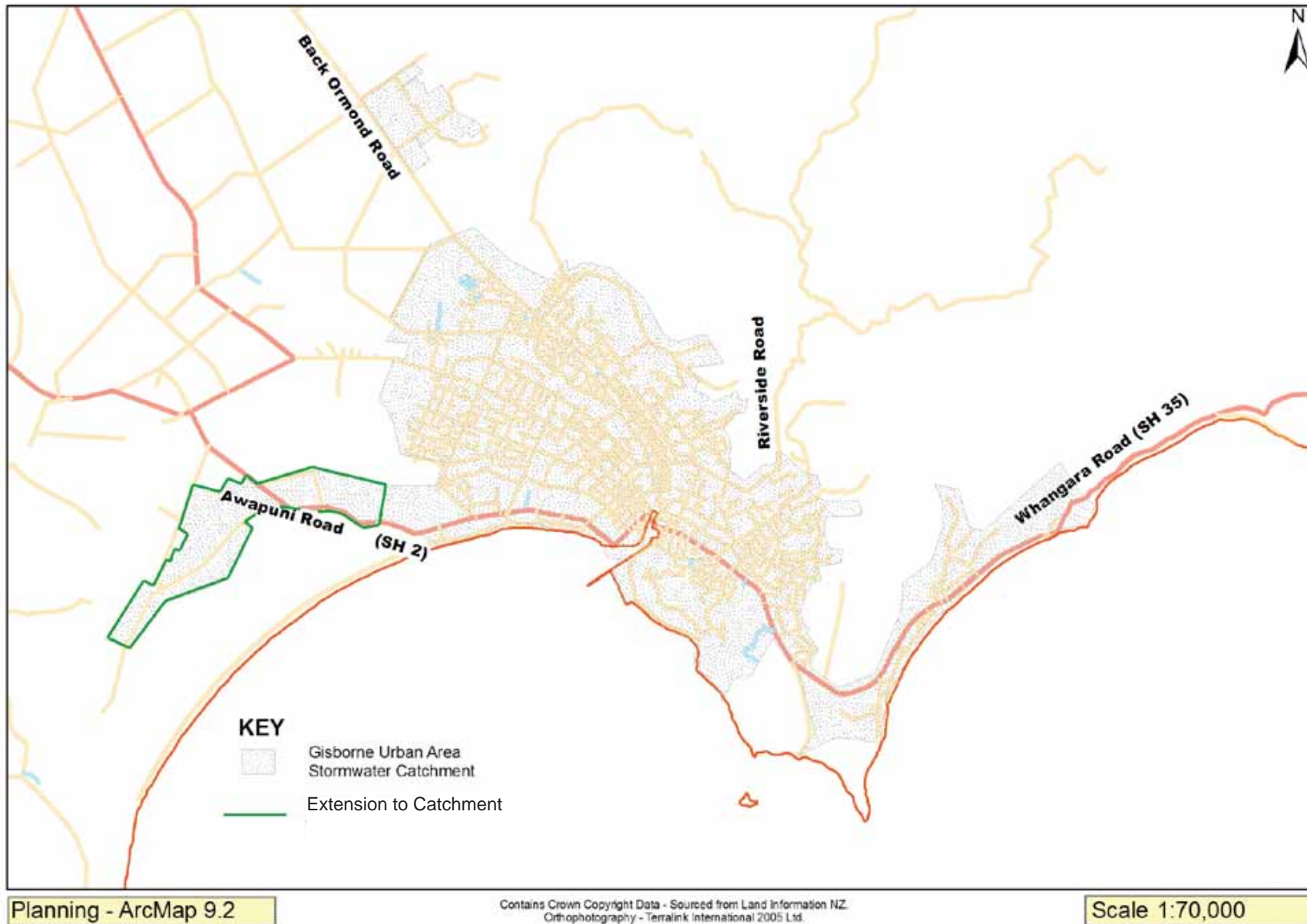
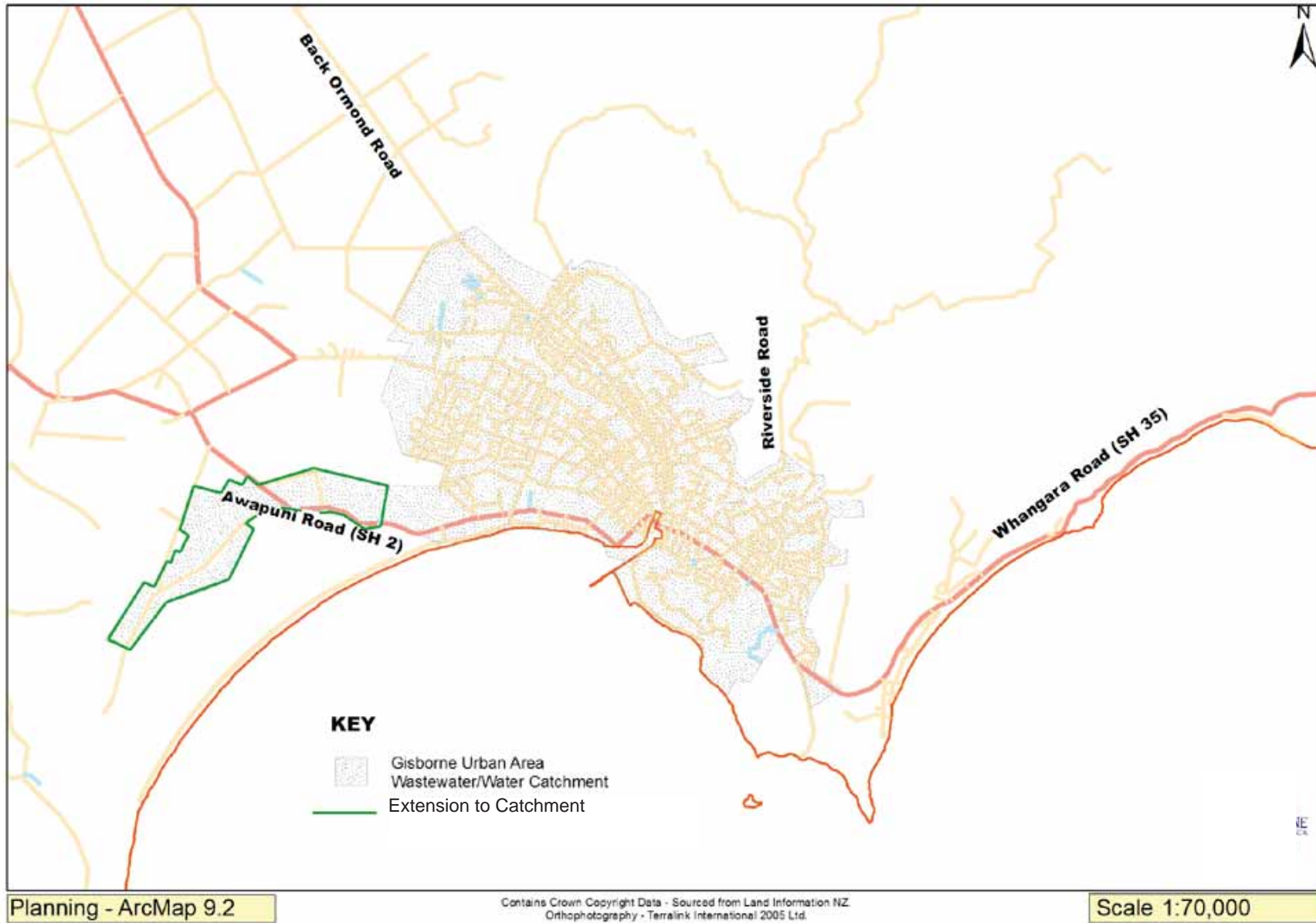


Figure 2: Water Supply and Wastewater Catchments



5. PAST PROJECTS

The following is a summary of the past projects used in the calculation of development contributions.

ACTIVITY	PROJECT	YEAR	AMOUNT	COMPONENT OF COSTS TO WHICH DC'S APPLIED
Wastewater	Taruheru Trunk Main	1997/98	\$134,398	\$55,999
Wastewater	Nelson Road Upgrade	2008/09	\$240,000	\$167,249
Stormwater	Taruheru Drain	2008/09	\$70,000	\$70,000
Land Transport	Hamlin Road Purchase	2008/09	\$75,000	\$75,000
Reserves and Open Spaces	Wainui Walkway / Cycleway	2008/09	\$200,000	\$200,000
Reserves and Open Spaces	Hicks Bay Reserve purchase of land	2008/09	\$80,000	\$80,000
Reserves and Open Spaces	Drainage Nelson Park	2008/09	\$40,000	\$21,832
Reserves and Open Spaces	Esplanade Reserves	2008/09	\$20,000	\$20,000

Notes: All dollar amounts are in actual dollars expended exclusive of GST. Backlog and renewal portions of capital expenditure budgets are not funded from development contributions. The calculation of the net growth component also excludes any portion of costs that have been funded from other sources eg. financial contributions.

PART 6 ■ Summary of Capital Expenditure

ACTIVITY	CAPITAL EXPENDITURE	GROWTH	DEVELOPMENT CONTRIBUTION FUNDED	FINANCIAL CONTRIBUTION FUNDED
Reserves and Open Spaces	11,791,000	1,121,000	1,104,000	1,425,107
Land Transport	122,956,000	1,763,000	1,150,000	-
Water Supply	8,535,000	2,040,000	1,845,000	-
Wastewater	58,473,000	2,619,000	4,316,000	-
Stormwater	9,150,000	1,987,000	1,854,000	-

PART 7 ■ Glossary of Terms

Allotment	Has the same meaning as Section 2 and 218 of the RMA
Backlog	That portion of a project that relates to historical catch-up to meet the required level of service for the existing community.
Building	Any structure having a roof supported by columns or walls used or intended to be used for the shelter or enclosure of persons, animals or property of any kind
Community Facilities	Reserves, network infrastructure, or community infrastructure for which development contributions may be required.
Community Infrastructure	Libraries, gyms, halls, churches, club rooms, sports facilities, places of assembly, museums, etc.
Cost Allocation	The allocation of the capital costs of a project to the various drivers for the project, such as renewal, catch-up (backlog), and additional capacity to meet growth.
Dwelling Unit	A building (or part of any building) in which a single housekeeping unit resides or could potentially reside.
Education	Schools, childcare services, tertiary education providers, etc.
GFA / Gross Floor Area	The total of the area of the floors of all buildings, measured from the exterior faces of the exterior walls, or from the centre lines of walls separating two buildings, or in the absence of walls, from the exterior edge of the floor. Gross Floor Area shall include floor spaces in roofed terraces, balconies and porches. Gross Floor Area shall exclude: - service station canopies - covered pedestrian circulation areas.
GST	Goods and Services Tax.
Health and Community Services	Medical services (eg. doctors, optometrists, hospitals), veterinary services, dental services, community care services (excludes accommodation).
Heavy Industry	Manufacturing and processing activities of a substantial size eg. freezing works, dairy factories, timber processing, packing houses.
HUE / Household Unit Equivalent	The unit of demand that relates demand of developments for network and community infrastructure to the typical demand by an average household. It forms the basis of assessing development contributions.
Impervious Surface	Hard surface area which either prevents or retards the entry of water into the soil mantle as it entered under natural conditions pre-existent to development, or that hard surface area which causes water to run off the surface in greater quantities or at an increased rate of flow from that present under natural conditions pre-existent to development. Common impervious surfaces include but are not limited to rooftops, concrete or asphalt, walkways, patios, driveways, parking lots or storage areas, and oiled, macadam or other surfaces which similarly impede the natural infiltration of surface water.
LGA 2002	Local Government Act 2002.

Allotment	Has the same meaning as Section 2 and 218 of the RMA
Lot	Lot is deemed to have the same meaning as 'Allotment' under both the Local Government Act 2002, and the Resource Management Act 1991.
Other Industry/ Servicing	Manufacturing, processing, servicing and construction activities, which may be associated with the sale of goods or services directly to the public eg, small timber mills, joiners, engineering businesses, panel beaters, mechanics.
Commercial, excluding retail	Property and business services (eg, real estate, architects), finance and insurance services, personal services (eg, beauticians), government administration (eg, courts, local government), commercial cultural and recreational services (eg, tourism operators, cinemas), service stations and offices.
Ten Year Plan	Long-Term Council Community Plan.
RMA	Resource Management Act 1991.
Renewal	That portion of project expenditure that has already been funded through depreciation of the existing asset.
Residential Allotment	An allotment zoned Residential or Rural in the Combined Regional Land and District Plan and capable of development for residential purposes.
Residential Services	Residential care facilities eg, aged care homes.
Restaurants/ cafes/bars	Activities where food is prepared on-site and/or drinks are sold and consumed on-site (whether private or public).
Retail	Activities primarily involved with selling goods (including large format retail).
Service Connection	A physical connection to a service provided by, or on behalf of, Gisborne District Council.
Subdivision	Subdivision is deemed to have the same meaning as 'subdivision' under the Resource Management Act 1991.
Visitor Accommodation	Hotels, motels, backpackers, campgrounds, etc.
Warehousing	Activities primarily involving the storage of goods or property.

Partnership with Private Sector Policy

INTRODUCTION

In 2005, the Gisborne District Council adopted its Partnership with the Private Sector Policy (Refer to Council Report 2005/540).

The objective of the policy is to enable Council to enter into partnerships with the private sector, where there is a potential benefit for communities within the Gisborne District Council.

POLICY BASIS

The Partnership with the Private Sector Policy outlines the circumstances in which Council will consider entering into Public-Private Sector Partnerships (PPPs), when consultation would be undertaken prior to such a partnership, what conditions might be imposed on such partnerships, their risk management, and reporting on the funding and outcomes of any such partnerships. For statutory requirements, refer to section 107 of the Local Government Act 2002 (LGA 2002).

POLICY DEFINITIONS

A Public-Private Sector Partnership (PPP) includes any agreement or arrangement that is entered into between the Gisborne District Council and one or more persons engaged in business⁴ but does NOT include:

- ▶ a contract for the supply of goods or services to, or on behalf of a council
- ▶ arrangements where the only parties are local authorities, or local authority and local authority controlled organisations.

A partnership as defined in the LGA 2002, is any arrangement involving grants, loans, investments, commitments of resources or guarantees given to one or more persons engaged in business by one or more local authorities.

The nature of the entity's activities, rather than its legal form, is the relevant consideration, and can include charitable trusts.

Partnerships should have an identified shared interest, clear roles and responsibilities for both parties, and aim to build long-term relationships based on respect and trust.

This policy sets out the processes that Council will adopt with respect to engaging in any PPPs. Once adopted, this policy may only be amended as an amendment to Council's Long-Term Council Community Plan (Ten Year Plan) (section 102, LGA 2002).

CIRCUMSTANCES

The Council may consider entering a partnership with a private sector partner, where an activity has been identified in Council's Long-Term Council Community Plan (Ten Year Plan) or Annual Plan as a community priority, or desirable community outcome.

The circumstances where a Public-Private Sector Partnership may be entered into shall be limited to one or more of the following.

- ▶ Where Council may be unwilling or unable to bear all of the risk (usually, though not always defined in terms of financial risks) of a particular project itself.
- ▶ Where Council may believe a particular project is of significant community benefit, but Council may have legal restrictions on its power to participate fully in that project.
- ▶ Where neither Council nor a private provider would otherwise provide the services or activity without the partnership.
- ▶ Where there are identifiable advantages in the project or activity being undertaken as a public private sector partnership rather than by either of the parties separately.
- ▶ Where the benefits to the community are greater than the costs of the PPP.

CONDITIONS

Council will enter into a partnership only where it expects that the partnership will help achieve the community outcomes or objectives in the Ten Year Plan, but nothing in this policy commits Council to entering into such a partnership even if it will help achieve community outcomes or objectives.

Before entering into a Public-Private Sector Partnership, Council must be satisfied that:

- ▶ the partnership will help achieve the community outcomes or objectives identified in the Ten Year Plan
- ▶ the benefit from the partnership is greater than the costs and risks
- ▶ Council is satisfied that the partner has demonstrated an ability to meet the terms of any agreement between Council and the private partner
- ▶ Council has obtained all necessary consents, licences, or other approvals prior to any financial commitment
- ▶ the partnership and its proposed business are lawful
- ▶ a clear exit/termination strategy is agreed
- ▶ roles, responsibilities and liabilities of each partner are clearly defined.

Council will not enter into a Public-Private Sector Partnership where:

- ▶ the activity is primarily speculative in nature
- ▶ insurance cover considered adequate to meet foreseeable risks cannot be obtained.
- ▶ the cost or risk of the PPP is judged to be greater to the community than the benefits that would accrue from the PPP.

Where appropriate, Council reserves the right to apply competitive tendering processes, in accordance with Council policy.

Other conditions may be imposed as considered appropriate by Council.

TYPES OF PUBLIC-PRIVATE SECTOR PARTNERSHIP INVOLVEMENT

Council will consider the following methods of implementing a PPP:

▶ Grants

Where the assessed benefit to the community is justified, where the PPP is accorded priority by Council, and funds are available for the activity.

▶ Loans

Where the benefit to the community is significant, but it is assessed that income or other funding can in time be accessed, and / or there will also be significant benefits to the private partner and/or it is otherwise unsuitable to provide other funding.

▶ Investments

Where there are deemed to be significant public benefits, and the community has been consulted, either during a Ten Year Plan or Annual Plan consultation or separately using the special consultative procedure²

▶ Acting as a guarantor

For assets being constructed on Council-owned land.

▶ Acting as a guarantor

Where, in extraordinary circumstances, it may be considered by Council following community consultation, and where there are appropriate safeguards in place to ensure budgets are not exceeded and where limitations are specified as to the total amount Council is guarantor for.

CONSULTATION

Council will undertake consultation on any revision of this "Policy on Public-Private Sector Partnerships" as part of a Ten Year Plan.

Where Council decides to undertake a PPP in accordance with the policy, further consultation will not be required to be undertaken except in specific circumstances (below). Council will consult on individual PPPs where:

- ▶ a PPP is assessed as being greatly beneficial, but falls outside the conditions or circumstances identified in the policy
- ▶ an investment is proposed
- ▶ the partnership would result in significant positive or negative changes in service levels, as defined in Council's Significance Policy
- ▶ the proposal would have a material impact on Council's projected budgets, performance measures, outcomes or other objectives
- ▶ ownership or control of a significant asset (as defined in Council's Significance Policy), is to be transferred to or from Council
- ▶ there is expected to be considerable public interest in whether or not the PPP should proceed and/or it meets the test of significance as set out in Council's Significance Policy.

Where practicable, consultation on PPPs under the above criteria will take place under the Annual Plan or Ten Year Plan process. Alternatively, a separate special consultative procedure may be undertaken.

FORMATION OF A PPP

Formation of a public-private partnership that meets the conditions of this policy will be by ordinary Council resolution, unless authority to form a partnership is delegated to a committee, subcommittee, or the Chief Executive Officer, in which case the partnership must also meet the conditions of this policy.

Formation of a partnership that does not meet the conditions of this policy will be by ordinary Council resolution only after appropriate and required consultation, and due consideration of any issues raised by that consultation.

RISK MANAGEMENT

When considering a Public-Private Sector Partnership, the potential risks to Council will be outlined and where the risks are considered significant, in terms of probability and potential effect, Council will assess the level of the risks against their benefits.

Risk will be assessed by calculating the probability of an adverse outcome multiplied by the cost/impact of that adverse outcome, while taking into account mitigating strategies and associated costs.

These risks may be considered:

- ▶ Design and construction.
- ▶ Commissioning and operating.
- ▶ Service and under-performance.
- ▶ Maintenance.
- ▶ Change to the legal or regulatory environment.
- ▶ Legal challenge.
- ▶ Technology obsolescence.
- ▶ Planning.
- ▶ Price risk
- ▶ Taxation.
- ▶ Residual value.
- ▶ Demand or valuation.
- ▶ Occupation safety and health.
- ▶ The relative investment of the private sector partner.
- ▶ The level of experience / track record of the partner, particularly in that activity.
- ▶ Risk to the reputation of Gisborne District Council.
- ▶ Insurance coverage and limitations.
- ▶ Risk to the capacity of the Council to carry out its activities, now and in the future.
- ▶ Risk to property.
- ▶ Protection of any intellectual property.
- ▶ Any other risks identified.

Where risks exist and a partnership is to be agreed, a risk management strategy will be put in place to appropriately minimise or provide cover for that risk to the satisfaction of Council. Risk management in any or all of the above areas may be specified as being the responsibility of Council or the partner.

MONITORING and REPORTING

A private sector partner will be expected to report using GAAP (generally accepted accounting principles) appropriate to their type of financial entity, and to allow auditing of financial and non-financial records as and when reasonably requested by Council or a representative appointed by Council.

Monitoring and reporting requirements will vary, depending on the level of resources Council is expending/investing/protecting, and the nature of the partnership.

The following points may be considered:

- ▶ Proposals for PPPs should state how they might contribute to outcomes in the Ten Year Plan.
- ▶ Measurable and auditable performance standards should be included where appropriate in partnership documents.
- ▶ Quarterly or annual financial reports may be required for Council's Finance and Monitoring Committee.
- ▶ Transparency in the conduct and reporting of PPP activities should be emphasised, acknowledging the need to protect commercial confidentiality where appropriate.
- ▶ The performance of PPPs will be reported on in Council's Annual Report.

¹The term "engaged in business" is defined as "engaging in an activity for profit". The nature of the entity's activities, rather than its legal form, is the relevant consideration. (Opinion to Hamilton City Council from Ann Webster, OAG) The focus is on commercial relationships with entities engaged in trading activities undertaken for the purpose of making a profit. (Opinion to Hamilton City Council from Mike Reid, LGNZ).

²The Policy on Partnership with the Private Sector should be developed to be robust enough to cover most 'run of the mill' potential opportunities for public-private sector partnerships (PPPs) without the need for further public consultation. PPPs that are unusual, controversial, or of considerable public interest would be expected to be consulted on separately (either using the special consultative procedure, or in a form otherwise specified in the policy).

Developing Māori Capacity to Contribute to Decision-Making

Council has a long-standing history of working closely with Māori of the Tairāwhiti region. A number of mechanisms have been developed for both consultation purposes and to involve Māori of the district in Council decision-making processes. These mechanisms will continue to be developed and reviewed to ensure their effectiveness.

MĀORI LIAISON OFFICE

All the activities of the Māori Liaison Office are in the main a support for Council's statutory responsibilities and a duty of Council to make available mechanisms for better community relations and integration. Council can call for, as appropriate, the advice and guidance of the Māori Liaison Office to assist them to manage any engagements Council has with tangata whenua and Māori. Equally, Māori can call on the advice and guidance of the Māori Liaison Office on the processes of Council.

CODE OF PARTNERSHIP and PARTICIPATION

Formal processes exist through a "Code of Partnership and Participation" which is at the management level and the responsibility of Council's Chief Executive.

STANDING ORDERS

Provision is made at all Council and Council Committee meetings for tangata whenua to address the meeting on any topic in accordance with Appendix G of the Council's Standing Orders. This is a fixed agenda item for every Council and Council Committee meeting.

CONSULTATION PROCESSES

All resource consent applications are copied and distributed to affected tangata whenua for their information, comment, and input.

DIRECT INFORMATION SHARING

The Mayor and Council staff have regular programmes on Māori radio talkback. The Mayor has monthly talkback programmes on two Māori radio stations (Tūranga FM and Radio Ngāti Porou).

FORMAL RELATIONSHIP DOCUMENTS

The following relationship documents exist between tangata whenua, Māori, and Council and the private sector as appropriate:

- ▶ The Tītīrangī Accord – Ngāti Oneone and Council general relationship accord.
- ▶ A protocol for the Tītīrangī Reserve between Ngāti Oneone and Gisborne District Council.
- ▶ A protocol for the Heinz-Wattie Site between the representatives of Te Whanau-ā-Iwi, Ngāi Tāwhiri, Ngāti Oneone, kaumātua, Gladiator Investments Limited, and Gisborne District Council.
- ▶ A memorandum of understanding between Ngāti Oneone and Gisborne District Council for on-site earthworks for the extension of Hirini Street.
- ▶ A general relationship declaration of understanding between local runanga, Māori organisations and Gisborne District Council.

Council has budgeted about \$5000 per year in the Ten Year Plan to specifically foster the development of Māori capacity to contribute to the decision-making processes of Council.

Māori capacity building will also be a component of a further \$20,000 per year budgeted within community consultation and policy collaborations.

Rating Remission, Postponement and Penalty Policies

INTRODUCTION

Council previously had in place policies for the remission and postponement of rates in terms of the Rating Powers Act 1988. The 1988 legislation has now been replaced by the Local Government (Rating) Act 2002 (the Act).

The Act has given local authorities considerably wider powers to remit and postpone rates. Local authorities are able to remit and postpone rates for any reason, on any land and to any extent – provided that the remission or postponements are in accordance with rules, which each local authority sets for itself in a remission policy or a postponement policy (Section 108 to 110 of the Act).

The Local Government Act, Section 102 requires local authorities wishing to adopt remissions and postponement policies to prepare the policies as part of an Annual Plan or Ten Year Plan and adopt it via the special consultative procedure.

BURDEN OF RATES

The shift in primary liability for rates from occupier to owner is a fundamental shift in the Act. Section 10 of the Act defines a ratepayer as being the person named as a ratepayer in the rating information database (RID) and the district valuation roll (DVR). Section 11 of the Act provides the test in determining who should be entered into the RID. A point to bear in mind is that remissions shift the burden of rates between properties.

The Section 11 test also provides clarity of leasing situations. In its simplest form, Section 11 ratifies the concept that the burden of rates lies with the owner. However, that burden can be transferred to a lessee providing there is a registered lease from the owner to the lessee, which includes the formal transferring of the rates burden.

RATING UNIT

A rating unit is the entity that actually attracts liability for rates. It is the equivalent of a separate property, or separately used or inhabited part of a rating unit.

Two or more Certificates of Title (CTs) or pieces of land may constitute one rating unit if:

- ▶ common owner: and is
- ▶ used jointly: and is
- ▶ contiguous

If there is no Certificate of Title, the Valuer General must make the rule.

EXISTING POLICIES

Council currently hosts several postponement and remission policies for ratepayers facing financial hardship and for Māori land termed the “Whenua Rahui” policy.

The cost to Council for hosting these policies is estimated to be 1.2% of the total rates strike. Current figures being:

Total Rates Strike 2009-10	\$44,246,343
Total Remissions / Postponement	\$517,500

What is not given is the cost of compliance. While currently the onus is on the ratepayer to meet the requirements and criteria required to make application for rates relief, there is a cost to administer these policies. That cost is unclear and may vary in accordance to the complexity of the situation.

There have been other situations where ratepayers have applied for rates relief on the grounds of providing social services: Council has opted to assist social service providers through a grants mechanism available to Council.

THE POLICIES

Only two policy options have been considered for analysis.

- ▶ To continue with the status quo
- ▶ To not have a rates relief policy at all.

In assessing both options, the following criteria were used to give credibility to the chosen option.

1. FAIRNESS and EQUITY

Fairness is defined as just or unbiased¹.

Equity is defined in the economic sense as “the property of distributing economic prosperity fairly among the members of society” Mankiw¹.

When considering the issue of equity, Mankiw¹ states that when people are grouped into societies, they face different kinds of trade-offs. When assessing whether to have a remissions policy, there is no doubt that the decision process would find that trade-offs need to be considered. Therefore the value of economic benefits over and above fiscal cost plays a critical role in this policy decision.

2. FISCAL COST

As 1.2% of the total rates strike is the total cost of having a rates remission / postponement policy, one could argue that this amount is insignificant. However, in the context of the Council’s fiscal limitations, \$517,500 is significant enough to warrant consideration.

Against this figure should be weighed the economic benefit to the region if a remissions policy was to be continued. The opportunity cost would work in favour of continuing a remissions policy.

3. ECONOMIC BENEFIT and OPPORTUNITY COST

Current policy favours ratepayers facing financial hardship and ratepayers of tracts of undeveloped Māori land.

To continue to favour a hardship policy obviously benefits ratepayers with financial hardship physical or mental disability, injury, illness and those with specific family circumstances.

¹ Mankiw, Gregory W. Principle of Economics, 2nd Edition, Harcourt College Publishers 2001

The greater cost to society, the region and themselves would be in the maintenance of their wellbeing. Rates relief may well be the difference in the cost of one's wellbeing. The future opportunity cost in the long run would be in the improvement of one's personal conditions to such an extent that a "well" person could once again participate in economic wellbeing. This being the case, Council would then be in a position to revisit the individual's ability to pay rates.

Secondly, it is estimated that a total of 310,631ha is Māori land in the Gisborne / Wairoa Council land districts². The Tairāwhiti Development Partnership has developed a strategy to bring this land into production.

This strategic document states that there would be considerable extra benefit in the local community. It is reasonable to expect that the Partnership's strategy is robust enough to achieve reasonable success. If this success is transferred into a 10% success rate, the injection into the economy would equate to \$330,000. The added economic benefits would occur in the employment and educational sectors which must improve one's economic wellbeing.

4. IMPLEMENTATION PROCESS

This criterion is important to the analysis. If there were no existing policy, there would be start up costs in terms of time required to define and determine processes, and time and cost for visits to properties, inspections and identifying compliance issues. In this instance, all processes are in place thus requiring no or very little implementation costs. The analysis recognises that while there is a cost to hosting a remissions policy, the economic benefits and opportunities would outweigh the fiscal cost. It would be prudent therefore for Council to continue its current rates remission policies while also taking time to review for improvements and more opportunity for the region.

As stated earlier, for Council to continue with these policies, it is required to promote any intended remissions policies through the Ten Year Plan or Annual Plan consultation processes.

Rates: Remission or Postponement Policy

EXTREME FINANCIAL CIRCUMSTANCES / HARDSHIP

Objective of the Policy

1. To assist ratepayers experiencing extreme financial circumstances which directly affect their ability to pay rates.
2. NOTE: Rates Postponement for reasons other than Extreme Financial Hardship will be considered under the "RATES: Optional Rates Postponement Policy"

Conditions and Criteria

1. Only rating units used solely for residential purposes (as defined by Council's valuer) will be eligible for consideration for rates remission or postponement for extreme financial circumstances.
2. Only persons entered as the ratepayer, or their authorised agent, may make application for rates postponement for 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. 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. The ratepayer (or authorised agent) must make application to Council on the prescribed form [Form R1] (copies may be obtained from the administration office in Fitzherbert Street, Gisborne, or from the Customer Service Centre at Te Puia Springs). There must also be a statement of Assets and Liabilities (R2) and a Weekly Budget Sheet (R3).
4. The Council will consider on a case-by-case basis, all applications received that meet the criteria described in the first two paragraphs.

5. When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including:

- ▶ age
- ▶ physical or mental disability
- ▶ injury
- ▶ illness
- ▶ family circumstances.

6. The Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health-care, proper provision for maintenance of their home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.
7. Before making the written application, the ratepayer must have received budget advice from an approved budget advisory service, and must make the budget advisers findings available to Council.

Failure to attend budget advisory meetings, or failure to make the budget advice available to Council, will automatically result in the application being declined. All information provided to Council will be treated as confidential.

8. If the ratepayer owns or has a significant interest in a business, then a current business Balance Sheet and a Cash Flow Statement for the following 12 months must accompany the application.
9. Any of the rates may be postponed in whole or in part. Even if rates are postponed, as a general rule the ratepayer will be required to pay the first \$500 of the rate account. The Council may relax this requirement in specific circumstances.
10. The ratepayer must make acceptable arrangements for payment of future rates, eg, by setting up a system for regular payments.
11. The Council may add 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 this fee will amount to interest on the postponed rates.

² Tairāwhiti Development Partnership Strategic Plan, March 2000

12. The interest rate used on postponed rates will not exceed a rate which covers the Council's administration and financial cost, and will be set by resolution of Council each year.
13. The policy will apply over any period, current or past, as determined by Council.

Any postponed rates will be postponed until:

- a. a date specified by the Council; or
- b. the death of the ratepayer(s); or
- c. the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
- d. the ratepayer(s) ceases to use the property as their residence.

as determined by the Council in any particular case.

In the case of clauses b, c or d above, postponement cases will be reviewed regularly (about once every three years) in terms of this policy.

If it appears that the postponed ratepayers' circumstances have significantly changed so that the postponement criteria are no longer met, then Council reserves the right to re-apply the postponement conditions with the ratepayer.

The postponed rates or any part thereof may be paid at any time. The applicants 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, by registering a Notice of Land Charges, on the rating Certificate of Title.

Application of this policy may be delegated to officers.

Rates: Optional Rates Postponement Policy

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.

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 exceptional cases, current and all future rates may be postponed by people who are less than 65 years of age 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 as between ratepayers who use the postponement option and those who pay as rates are levied.

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

CRITERIA and CONDITIONS

Criteria

Eligibility ■ Any ratepayer is eligible for postponement provided that the rating unit is used by the ratepayer for personal residential purposes (either as a principal residence

or as a holiday home). This includes, in the case of a family trust-owned property, used by a named individual or couple. People occupying a unit in a retirement village under an occupation licence will be able to apply for postponement of the rates payable by the retirement village on their unit with the agreement of the owner of the retirement village.

If the property for which postponement is being requested has an existing mortgage over it, there is a requirement that the ratepayer will obtain from the mortgagee a statement accepting a charge on the title to secure the Rates Postponement Scheme, before the application can proceed.

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, on a case-by-case basis, when repayment falls due.

Insurance ■ Any insurance cover must be for the property's full value. If an applicant has their own insurance, evidence of this must be produced annually.

- ▶ Council will be taking steps to arrange for a blanket insurance cover but that is not expected to be available before the financial year beginning 1 July 2006.
- ▶ Once it is available, all applicants for postponement, including those whose applications have already been approved, will be required to come under the blanket cover (if they do not have their own insurance) and the premium associated with that cover will be added to the postponed rates.

Hazard Zones ■ If a property is in a known hazard zone, Council has the right to decline to offer rates postponement to the property. If the property is accepted, a higher reserve fund contribution will be levied.

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

- a. The death of the ratepayer(s) or named individual or couple (in this case the Council will allow up to 12 months for payment, so that there is ample time available to settle the estate); or
- b. Until the ratepayer(s) or named individual or couple ceases to be the owner of the rating unit (if the ratepayer sells the property 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. In the case of ratepayers under the age of 65 at the time of application, 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% pa levy on outstanding balances to cover external management and promotion costs, a reserve fund levy of 0.25% pa, and a contribution to cover the cost of independent advice).

To protect Council against any suggestion of undue influence, applicants will be asked to obtain advice from an appropriate qualified and trained person. A 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 Certificate of Title. This means that Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

Review or Suspension of Policy ■ The policy is in place indefinitely and can be reviewed subject to the requirements of the Local Government Act 2002 at any time. Any resulting modifications will not change the entitlement of people already in the scheme to continued postponement of all future rates. Council reserves the right not to postpone any further rates once the total of proposed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in Council's rating information database. This will require the ratepayer(s) for that property to pay all future rates but will not require any payment in respect of rates postponed up to that time. These will remain due for payment on death or sale.

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

Criteria Procedures

Applications must be on the required form which will be available from the Council Customer Services Offices at Gisborne and Te Puia Springs.

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.

Rates: Remission of Rates

COMMUNITY, SPORTING and OTHER ORGANISATIONS

Policy Objectives

To facilitate the ongoing provision of non-commercial (business), community services non-commercial (business) and recreational opportunities for the residents of Gisborne district.

The purpose of granting rates remission to an organisation is to:

- ▶ assist the organisation's survival
- ▶ 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 part of the policy will apply to rating units which are used exclusively or principally for sporting, recreation, or community purposes. The policy does not apply to rating units in which the organisations operate for private pecuniary profit, or which derive significant income from trading activities.
- ▶ The policy will also 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 on the prescribed form (available from the Council offices).
- ▶ Applications received during a rating year will be applicable from the commencement of that rating year.
- ▶ Organisations making application should include the following documents in support of their application:
 - statement of objectives
 - financial accounts
 - information on activities and programmes
 - details of membership or clients.
- ▶ The policy shall apply to such organisations as approved by the Council as meeting the relevant criteria.

No remission will be granted on Targeted Rates for water supply, sewage disposal or refuse collection.

- ▶ The amount of the remission may be set anywhere from 1% to 100% of the General Rate, the Uniform Annual General Charge and Targeted Rates. The criteria for determining the percentage remission will be:
 - the degree to which public benefit is derived from the activities or assets of the organisation
 - relativity with other like organisations.

The application of this policy may be delegated to officers.

Rates : Remission of Rates

BUILDING CONSENT REFUSAL

Policy Objective

To provide rates relief on sections that may not be built upon.

Conditions and Criteria

If a ratepayer has a property for which:

- a. Council has refused the issue of a building consent for every part of that property because of the possibility of flooding or land instability, or
- b. Council considers it likely that it would be obliged on the grounds of flooding or land instability to refuse any application for the issue of such a consent.

The ratepayer may apply for remission of the Uniform Annual General Charges.

- ▶ The applicant must renew the application for remission every five years.
- ▶ The application of this policy may be delegated to officers.

Rates: Remission of Rates

VERY LOW VALUE PROPERTIES

Policy Objective

To provide rates relief on sections that have very low valuations.

Conditions and Criteria

- ▶ A ratepayer may apply for remission of all or part of the Uniform Annual General Charges on properties with a CV of less than \$6,001.

- ▶ If the applicant is a ratepayer in any other part of the district on which a full UAGC is charged, and if it can be shown that the property for which the remission is being requested is not used for any form of residential occupation (other than, say, camping for a few weeks every year) then Council may approve a remission of the full UAGC.
- ▶ Properties which are owned by ratepayers who own no other properties in the district will be required to pay the full UAGC charge.
- ▶ The applicant must renew the application for remission every five years.
- ▶ The application of this policy may be delegated to officers.

Rates: Remission of Rates

HIGH CAPITAL VALUE INDUSTRIAL PROPERTIES

Policy Objective

- ▶ Council's costs of delivering services to large industries, and monitoring the effects of the environment in the presence of industries, are patently higher than for most other land uses.
- ▶ However, the Capital Value of some industries is so high that on pure capital rating, the industries would end up paying an amount in rates which far outstrips the value of the services provided by Council.
- ▶ The objective of this policy is to provide a remission on all large industries that have a very high ratio of CV to LV, in order to restore a reasonable relationship of Rates vs Costs.

Conditions and Criteria

- ▶ This remission applies to all properties with a Land Use Classification of "Industry".
- ▶ After a statistical analysis of the parameter of CV/LV of all industries in the district, it was determined in 2003 that the Mean plus one Standard Deviation occurred at a CV/LV ratio of 8.88.

- ▶ It was determined that all industries which exceeded this ratio were to be given a 50% remission on the General Rate and Targeted Subsidised Roading Rate Components of their rates.

The application of this policy may be delegated to officers.

Rates: Remission or Postponement of Rates

GENERAL LAND IN EXCEPTIONAL CIRCUMSTANCES

Objective Policy

To provide a mechanism for postponement or remission of rates where some event has occurred which makes the collection of rates impractical, impossible or unreasonable.

Conditions and Criteria

- ▶ Where land has become unusable or uneconomic because of severe erosion, land formation changes such as slips, or any other unpredictable event; or
- ▶ Where ownership has become indeterminate (such as a club becoming defunct and it being inadvisable to leave the rates as a charge upon the title).

The Rating Officer may apply to a delegated Committee of Council to remit all rates and penalties for a specific period. The Committee may impose conditions concerning future actions that must be taken before the specified period may be extended.

Rates: Remission of Rates

NATURAL and CULTURAL HERITAGE

Policy Objective

- ▶ To acknowledge the wider community benefit of protecting natural heritage values or cultural heritage which are often on privately owned land by sharing the cost by way of a rating remission.

- ▶ To recognise the extent of voluntary protection given to natural heritage values on private land by granting rating remission commensurate with the level of protection offered.
- ▶ To include all land classified under section 77A of the Resource Management Act (1991).
- ▶ To recognise that inappropriate use may result in compromising the natural heritage values or cultural heritage values and that the landowner should receive compensation from having to pay rates on that land where preservation is occurring.

Criteria

A. For Land Classified Under Section 77A of the Resource Management Act 1991

1. Council will grant rating remissions for identified natural heritage values or cultural heritage values in accordance with the following formula (to the extent practically possible using existing rating administration systems):
 - ▶ **100%** rating relief for any identified natural heritage values with a legal mechanism for the purpose of providing for protection in perpetuity³.
 - ▶ **100%** rating relief for any identified natural heritage values with both a formal mechanism for the purpose of providing for protection and practical protection of the natural values.
 - ▶ **100%** rating relief for protected land or buildings which are set aside, unused for any economic or residential activity, and have an intrinsic heritage or historic value which has been acknowledged by a certified professional as satisfying significant cultural values.
 - ▶ **70%** rating relief for any identified natural heritage value which has either a formal mechanism for the purpose of providing for protection or practical protection of the natural values for the purpose of providing for protection of the natural values.

- ▶ **30%** rating relief for any identified natural heritage value relying solely on the Combined Regional Land and District Plan provisions for protection, where the landowner is obviously not changing any existing land use practices in respect of the area.

2. Rating remissions will be calculated in the following manner:

- ▶ The area of land (ha) covered by the identified natural heritage feature will be multiplied by \$300, to give a value for the natural heritage value.
- ▶ The resulting figure will be calculated as a percentage of the total land value of the property.
- ▶ The resulting percentage figure will be applied to the existing rating assessment, to the general rates component.
- ▶ The appropriate percentage rating remission (eg, 30%, 70% or 100% prescribed above) will be calculated. The result will be the level of remission granted.

B. For Other Land or Building which have Cultural Heritage Values and which are not used in any way other than to allow those Cultural Heritage Values available to the public

- ▶ 100% remission of all rates (except for service charges).

Terms

Natural Heritage Values ■ Means Protection Management Areas, and areas complying with Method 4.5.4 of the Part Operative Combined Regional Land and District Plan.

Natural Heritage Values ■ In the context of this Policy means the historical, archaeological, traditional or other special cultural significance associated with human activity and in particular is associated with archaeological sites and areas.

Identified ■ Means identified in the Combined Regional Land and District Plan Appendices or Rural and Urban Maps.

Legal Mechanism ■ Means protection by way of a legal encumbrance on the land title such as a covenant, in the case of private land. Protection via legislative provisions in the case of public land.

Formal Mechanism ■ Means a written agreement or understanding between at least the Council and the landowner.

Practical Protection ■ Means protection through evidence of works undertaken or in progress, such as stock exclusion fences, intensive site specific pest control, restoration planting.

Rates: Remission of Rates: Permanent Crops

POLICY OBJECTIVE

- ▶ To maintain relativity in the rates paid between horticulturists who grow “Permanent Crops” and those who grow annual crops, for General Rates and Targeted Rates calculated under Capital Rating criteria.

Discussion

- ▶ Under Capital Value rating schemes, the permanent crops are regarded as part of the Capital Value. This means that under capital rating, two identical farms, one of which grows citrus, and the other of which grows squash, could pay completely different rates, even though their utilisation of Council’s infrastructure and services is the same.

Conditions and Criteria

- ▶ Horticultural blocks (on which permanent crops comprise part of the Capital Value of the property) will receive a remission of their General Rates and Targeted Rooding Rate on that portion of their Capital Value which is due to the capitalised crop value.

³ In addition to those areas already deemed non-rateable land by the legislation.

- ▶ All horticultural blocks, no matter where they reside in the district, will be automatically eligible for this remission.

NOTE: Council's Valuers will provide additional valuation data on all properties with a land use classification of "Horticultural".

This additional data will be the Capital Value of the permanent crops, plus the Capital Value of any supporting structures for those crops. It will not include other items, such as irrigation systems, packing sheds, or the like.

Rates: Remission of Penalties

POLICY OBJECTIVE

- ▶ The objective of the remission policy is to enable the Council to act fairly and reasonably in its consideration of rates, which the Council has not received by the date set for penalty imposition, due to circumstances outside the ratepayer's control.

Conditions and Criteria

- ▶ Remission of one penalty will be considered 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, or other serious one-off events, as at the due date.
- ▶ In considering the remission of the penalty, the good payment record or otherwise of the applicant may be taken into account.
- ▶ The Council may remit small balances due to cash rounding.
- ▶ New owners will be entitled to a remission of penalties if payment was made difficult because settlement date coincided with or was very near penalty dates.
- ▶ A ratepayer who is willing to enter into a genuine "arrangement" which will see overdue rates paid off within a specified timeframe, may be placed on "Penalty Suppression" with regard to future penalties that may fall due within the arrangement period, and may be

offered a lump sum contribution on the achievement of their side of the "arrangement" where the lump sum contribution may be any amount up to the full sum of past penalties still owing.

- ▶ Application of this policy may be delegated to officers.

Rates: Remission of Uniform Annual General Charges and Certain Targeted Rates - Contiguity

POLICY OBJECTIVES

- ▶ To provide relief to ratepayers who occupy several near-adjacent rating units, but which do not meet the criteria for contiguity under Section 20 of the Act.
- ▶ To provide relief to owners of Māori land who occupy several near-adjacent rating units but which do not meet the criteria for contiguity under Section 20 of the Act.
- ▶ To encourage subdivision development in urban areas.

Discussion

In rural areas, it is common for farmers to utilise blocks of land which are not strictly contiguous, but which are close enough to be farmed in common, as if they were one farm. The objective is fairness, for instance, if a farmer leases and farms two 5ha blocks, situated 700m apart, as if they were one property, why should that farmer have to pay significantly more rates than a farmer who is lucky enough to lease two 5ha blocks, side-by-side? This remission is only applicable to pastoral blocks or those blocks without high capital investment.

In urban areas, when a developer splits a block of land into two or more titles for the purpose of selling them for separate occupation, the implication of charging full UAGCs as soon as a Deposited Plan is registered could be a financial disincentive to the subdivider. Council wishes to encourage development, not discourage it.

Conditions and Criteria

- ▶ Cancellation or reduction of Uniform Annual General Charges may only be considered upon the application of the affected party.
- ▶ Where an applicant is considered likely to meet Rating Valuations Act criteria for amalgamation of blocks into a single Rating Unit, they should be advised to make application to Council's Valuer in this respect.
- ▶ The application form to be used by those seeking cancellation or reduction of UAGCs must include:
 - the distance between the affected separately rated properties
 - the sizes of all affected properties
 - the number of habitable dwellings on each affected property
 - the total size of any enterprise occupying separately rateable properties in respect of each application is made
 - the specific use that each property is being put to.
- ▶ A Council Committee, delegated to consider write-offs of Uniform Annual General Charges and Targeted Rates, will determine how much remission to give. The criteria for the decision is "where the committee considers it is reasonable in the circumstances to do so".
- ▶ As a guideline, any urban property with a dwelling capable of being rented will incur full UAGC and Targeted Rates, and if any collection of rural properties which are used for a common purpose have more than two dwellings, they are liable for additional Uniform Charges and Targeted rates for each dwelling beyond two.
- ▶ Remission of UAGCs and Targeted Rates under this policy will apply for a period of three years.
- ▶ Every three years the property owners with the reduced or cancelled UAGC and Targeted Rates are required to sign a form (a reviewed application form) indicating that the property owners' circumstances have not changed from those which applied at the time of the original application.

- ▶ If the form is not returned, the property owner will be informed accordingly and the full charge will be applied.
- ▶ Where the circumstances are known to have changed within the three-year period, the application will automatically be reviewed.
- ▶ The Application Form will stipulate these review procedures.

Rates: Remission of Rates for Residential UAGC and Certain Targeted Rates on Multiple Residential Properties

OBJECTIVES OF THE POLICY

To remove UAGC charges on residential properties when circumstances dictate that it would be inappropriate to charge them.

CONDITIONS and CRITERIA

- 1) In the case where a rating unit contains one or more residential dwellings, units, flats, apartments or self-contained sleeping accommodation, Council may apply a discretionary remission of one or more UAGC charges, and/or one or more Pan Charges, Water Rates or Refuse Collection Rates.
- 2) This remission will apply in the following circumstances.
 - a) Where there are multiple dwellings recorded on the Valuation Records, but which are not actually being used as dwellings.
 - b) Where there are multiple dwellings, but they are being used by members of the direct family of the ratepayer (for example, granny flats, teenagers).
 - c) Where there are multiple dwellings, but one or more are being used by live-in caregivers, or the humanitarian assistance (ie, persons who would normally “live in” if the ratepayer’s primary accommodation had been large enough in the first instance).

- d) Accommodation which is separately accessible from a business venture on the rating unit, but is a prerequisite for the efficient operation of that business.
- 3) Applications for the remission must be made by the ratepayer, who must provide proof of eligibility.
- 4) The criteria which will be taken into account in deciding whether a remission will be granted are:
 - a) Are there physical conditions which would make it inappropriate or impractical for the additional dwellings or flats to be inhabited?
 - b) Is there a dependency relationship between the primary ratepayer and the occupiers of the flat/dwelling?
 - c) Is it otherwise sensible in the circumstances for a remission to be given?
- 5) The discretionary remission will be decided by a Committee delegated by Council (currently the Finance and Monitoring Committee) but that Committee may further delegate responsibility to certain officers of Council.
- 6) The discretionary remissions will be granted in terms of full year remissions of one or more of the following :
 - a) UAGC
 - b) Pan Charges
 - c) Water Rates
 - d) Refuse and Recycling Collection Charges

Each remission may be for an indefinite period or for one, two or three years, after which full rates will be charged subject to further applications by the ratepayer.
- 7) The remission period will commence in the rating year in which the application is made.

Rates: Whenua Rahui Policy

REMISSION and POSTPONEMENT OF RATES ON MĀORI FREEHOLD LAND

Policy Objective

- ▶ To enable the Council to act fairly and reasonably in its consideration of remitting or postponing rates and penalties with respect to Māori freehold land which:
 - **Has Fragmented Ownership**
Ownership varies in number and individual share proportions. Owners are scattered throughout the country and at times worldwide.
 - **Has Unsecured Legal Title**
Land that does not meet the test of s92 of the Act.
 - **Is Isolated and Marginal in Quality**
The geographical isolation and economic climate of the district are clearly illustrated by the much-needed development as the lands are of marginal quality.
 - **Has no Management or Operating Structures**
Lands have no management structures in place to administer matters.

The Whenua Rahui Register

- ▶ Māori landowners can apply to have their lands entered on the Council Whenua Rahui Register. Through making an application, owners are in effect asking Council for a discretionary remission.
- ▶ If accepted, the land will be ‘retired’ from rates for a term specified by Council, with a maximum term being three years. While lands are ‘retired’ or ‘parked up’, the onus is on the owners to ensure that no one breaches the conditions by using the land.
- ▶ Lands on the register are inspected regularly to monitor for any breaches.
- ▶ Each application is examined on its own merits. Intending applications should not be compared to others already on the register.

Conditions and Criteria

The criteria to determine eligibility for applications to the Whenua Rahui Register are as follows:

1. The land listed on the application must be Māori land or Māori freehold land.
2. The matters listed in Schedule 11 of the Local Government Act 2002 (the Act) will be taken into account.
3. The land must be unoccupied by any persons with no place of residence built thereon or land use made thereof.
4. The land must be of historical, ancestral or cultural significance. If the land has been purchased instead of being inherited then it must be purchased for its ancestral or cultural significance and not as a saleable asset.
5. Burden of proof eligibility is on the owner(s) of the property.
6. Where land is in multiple ownership a copy of the minutes authorising individuals to act for owners should be enclosed if available.
7. The Whenua Rahui register will be reviewed every three years and eligible landowners will need to re-register.
8. In the event of other land or any portion of the land being sold within the three-year period, the remission will no longer apply, and normal rates and penalties will be applied from the date of the sale.
9. Council or other duly designated officers are given approval to undertake periodic inspection of land to confirm unoccupied status.
10. Council reserves the right to seek further information eg, memorial schedule of owners, if Council deems it necessary.
11. Where land is in multiple ownership and the owners cannot be located after reasonable effort the rates and penalties may be remitted by resolution of a delegated committee, if it is considered reasonable in the circumstances to do so.

NOTE:

1. “Unoccupied” in criterion 2 above means, “No one is using the land”. This can be interpreted by considering Section 96 of the Act, which states:
96 (2) For the purposes of this Part, person actually using land means a person who, alone or with others–
 - a. leases the land
 - b. does one or more of the following things on the land for profit or other benefit:
 - i. resides on the land
 - ii. depastures or maintains livestock on the land
 - iii. stores anything on the land
 - iv. uses the land in any other way.
2. It is the applicant’s responsibility to ensure that the terms of the Whenua Rahui Policy are adhered to.
3. The Register is not designed as a vehicle for owners to elect not to use land, and therefore not to pay rates.

Rates: General Remission of Rates and Penalties on Māori Land

POLICY OBJECTIVE

To provide remission of rates on Māori Land where the procedures of Schedule II of the Local Government Act 2002 become too impractical or uneconomic to pursue.

To enable rates and/or penalties to be partially or fully written off when there is virtually no practical way of recovering past outstanding debt.

Discussion

Rates are technically a charge against a property. People who take ownership of, or lease a property with rates owing technically find themselves responsible for the past rates as well as for future rates. Faced with this situation, they invariably recoil from any proposal to take out such a lease. In such circumstances, Council loses (no rates are paid, now or in the future), the potential lessee loses (they do not get to use the land) and economic development of the region loses.

Council does have two technical means of dealing with this type of debt:

1. It can legally constrain the person who leases the land to be someone who will pay the back rates owing; or
2. It can postpone the back rates until they become statute barred after six years.

Where these solutions are considered impractical, Council needs a means of remitting past rates and penalties, to secure future rates.

Conditions and Criteria

- ▶ This policy applies to Māori Land which is not eligible for the Whenua Rahui Policy.
- ▶ Schedule II procedures (of the LGA 2002) have been attempted, but are not able to be progressed for a range of technical or economic reasons.
- ▶ The rates on the land cannot therefore be collected in any real sense and would otherwise just accumulate to the point where they go stale under the Statute of Limitations.
- ▶ The Credit Control Officer can apply to the delegated Committee of Council to write off the amount of the rates after providing a full explanation of attempts under the above criteria.
- ▶ In some circumstances, ie, where a deal can be brokered with a third party to bring into production land which was previously unused (on the Whenua Rahui Register or otherwise) the delegated committee may approve a full or partial permission for a specified period. (This may be a remission of past rates and penalties to secure the payment of future rates).

Rates: Remission of Rates on Fragmented or Uneconomic Rural Land

BACKGROUND

Where rural land has a valuation in excess of its economic use (ie, where it is valued based on its coastal value, but used for grazing purposes) application can be made for a remission of rates.

Alternatively, where multiple rating assessments which can each support a housing site are used for grazing purposes, application can be made to have all subject assessments valued as if they were one contiguous farm property. For example, a fragmented farm of five 20 hectare properties will, for rating purposes, be treated as if it is a single 100 hectare pastoral block. (The mechanism will be that the value of the first block will be left intact, because it needs to support a housing site, but the remaining four blocks will receive a remission of that part of their value which pertains to potential housing sites).

This policy applies to General or Māori Title land alike. Whether rates are remitted in any individual case will depend on the 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.

OBJECTIVES

The objectives of this policy are:

- ▶ to recognise special circumstances pertaining to coastal rural land used for grazing purposes
- ▶ to recognise special circumstances pertaining to situations where multiple rural properties are effectively used as one farm property
- ▶ to meet the requirements of Section 85 of the Local Government (Rating) Act 2002, to have a policy on the remission of rates.

CONDITIONS and CRITERIA

- ▶ Application for this remission 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 Council.
- ▶ Owners or trustees making application should include in their applications:
 - details of the rating unit or units involved
 - the objectives that will be achieved by providing a remission
 - Documentation which shows that the land which is the subject of the application is rural land.
 - details of tenure, whether a formal or informal lease, and whether owned by applicant
 - a signed statement by the applicant that the land is used for pastoral purposes only.
- ▶ Council may of its own volition investigate and grant remission of rates on any rural land in the district, which may qualify for remission of rates.
- ▶ Relief, and the extent thereof, is at the sole discretion of Council and may be cancelled or reduced at any time.
- ▶ Council may give a remission of General and/or Targeted Rates on the difference in Land Value and/or Capital Value between the best potential value of the land arising from its location directly on a beachfront, and the economic value it has arising from its actual use. Where possible, Council will apply this remission on its own volition.
- ▶ Where a farm is made up of several individual titles, which may or may not be adjacent, and the value of each title is inflated by the suitability of that title to sustain a building site, Council may give a remission of General and/or Targeted Rates on the difference in Land Value and/or Capital Value between the actual accumulated values of the individual land blocks, and what the value of a single block of land with the same land area in that locality would be. This remission will only be made on application by the owners or trustees.

- ▶ The primary use of the property must be pastoral farming, and its economic value must be significantly less than the value assessed by the rating valuation.

DELEGATIONS

Council may delegate authority to consider and approve applications to Council officers.

Rates: Partial Remission of Rates on Land Affected by Plan Changes

OBJECTIVE

To observe existing use rights of land affected by zoning changes when there is a plan change which reclassifies that land into a different rating bracket.

CRITERIA

If land has been correctly used under the operative (or proposed) District Plan, and this land is subject to a plan change which would result in a different zoning and different rates being due, the land may receive a remission of those rates which apply to the new zoning, until such time that the land is sold, or the use of that land changes in any way.

Significance Policy

INTRODUCTION

This policy on significance is being prepared to meet the requirements of Section 90 of the Local Government Act 2002. It is designed to reflect the requirements of the Act and the Gisborne District Council's commitment to conducting its business in an open, transparent and democratically accountable way.

SIGNIFICANT ACTIVITIES

A significant activity is one that has a high degree of significance in terms of its impact on either:

- ▶ the wellbeing of Gisborne
- ▶ persons likely to be affected by or with an interest in that activity
- ▶ the costs to or capacity of the Gisborne District Council to provide for the wellbeing of the district.

The Council considers each group of activities as they are grouped in the Ten Year Plan as a significant activity.

A decision to significantly alter the intended level of service will be made only after they have been included in a statement of proposal in a Ten Year Plan.

A decision to cease or add a major component of any significant activity is regarded as including any proposal to significantly alter the mode of delivery of that significant activity. Such decisions will be made using the Special Consultative Procedure preferably as part of the development of a Ten Year Plan or Annual Plan but, if that is impractical, a separate process may be utilised.

Procedure either within the framework of a Ten Year Plan or Annual Plan where that is practical or on its own where necessary.

SIGNIFICANT DECISIONS

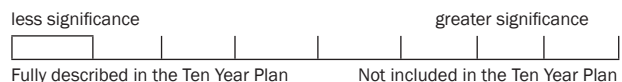
A significant decision is one that has a high degree of significance either in terms of its impact on:

- ▶ the wellbeing of the Gisborne district
- ▶ persons likely to be affected by or with an interest in that decision
- ▶ the costs to or capacity of the Council to provide for the wellbeing of the district.

Council policy is that in making significant decisions the decision-maker should consider information on the reasons for the decision, the options and their relative costs and benefits, and the views of those affected by or with an interest in the decision commensurate with the significance of that decision.

It is the responsibility of the maker of the substantive decision (usually the full Council or a standing committee) to satisfy itself that the requirements of this policy are complied with. In determining the significance of the decision, these criteria will be considered:

1. The extent to which the decision flows logically and consequentially from a significant decision already made or from a decision in the Ten Year Plan (as amended) or the Annual Plan. If it does, then its significance depends principally on the variations between the identified options, because the decision to do something has already been taken.



2. The magnitude of the decision in terms of its net cost to the Council. Most major spending decisions should be made in the context of the Ten Year Plan or Annual Plan. Decisions involving unidentified and unbudgeted expenditure should receive at least as much scrutiny as they would have received if they had been included in the Ten Year Plan or Annual Plan.

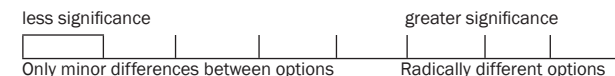
For guidance, budget decisions involving more than \$1M in capital expenditure or more than \$250,000 in operating costs will be regarded as having greater significance.



3. The extent to which the options identified (including the 'do nothing' option where appropriate) have radically different effects in terms of:

- ▶ their costs
- ▶ their benefits
- ▶ the extent to which they impact on members of the community and which members they impact upon.

The greater the variation, the greater the degree of significance.

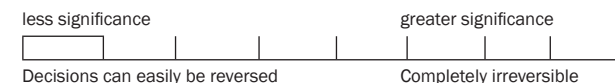


4. The extent to which the matter under consideration is controversial within the community. A high level of controversy would result in favour of the decision being treated as more significant and subject to greater rather than lesser evaluation and community scrutiny.



5. The Reversibility Test

The more difficult it is to reverse a decision, in general, the greater its significance. A decision which leads to a once and for all outcome has greater significance than one where the outcome can be largely reversed albeit in a different form.



6. Practicality

The aim of this policy is for the Council to make policy decisions on behalf of its communities in a well-informed, efficient and effective manner. This will not be achieved if the decision-making process is either unreasonably costly or unreasonably slow. The Council will therefore take into consideration the urgency of the decision when determining its significance.



7. Precautionary Principle

Where the significance of a matter being considered or a decision being made is unclear then the Council will err on the side of treating the issue as of more rather than less significance.



The more to the right (in the above assessments) the decision is judged to be, the greater its significance and the greater the thoroughness with which the proposal will be evaluated and the views of those likely to be affected or with an interest in the proposal will be researched.

For the avoidance of doubt, administrative decisions made by officers under delegated authority that flow from Council policy (eg, the issuing or exempting from traffic infringement notices, the issuing of dog licences, the decision on the notification of a resource consent) are not significant in terms of this policy. The significance rests with the policy that guides these decisions and not with each decision made in administering the policy.

The degree of importance to be attached to each criterion will be considered decision by decision.

It follows that a high level of significance in one or more of the criteria may or may not result in the decision itself being assessed as having a high level of significance.

STRATEGIC ASSETS

Section 90 (2) of the Act requires the Council to identify and list the assets it considers to be strategic assets.

The assets and groups that Council considers to be strategic assets includes:

- ▶ its equity in Gisborne Holdings Limited and its subsidiaries
- ▶ the library network as a whole including the central library, the rural libraries and mobile library facilities
- ▶ the Gisborne district roading network as a whole
- ▶ the lands and buildings used for the administration of the district including the Civic Offices and Te Puia Springs Service Centre
- ▶ the water supply network as a whole including storage lakes, reservoirs, pump stations and reticulation, the pipeline (including bridges and trestles), Waingake treatment plant, Bushmere Road augmentation plant
- ▶ the sewage collection, treatment and disposal system as a whole including the sewers, pump stations and the treatment station
- ▶ the land drainage system as a whole including the stormwater pipe network, the Waipaoa River flood control system, the Te Karaka flood control system, other open river systems, waterways, wetlands and retention basins
- ▶ the reserves lands as a whole including land held under the Reserves Act and the land used for parks, gardens, sports-fields, recreational areas and cemeteries
- ▶ the Council's swimming pools and built recreational facilities
- ▶ the system as a whole of off-street parking facilities owned or operated by the Council

- ▶ Council's investment in community housing as a whole.
- ▶ The assets held by Council being the proceeds of the sale of any strategic asset and any asset purchased with those proceeds.

Section 97 of the Act requires that decisions to transfer the ownership or control of a strategic asset to or from the Council, or a decision to construct, replace or abandon a strategic asset can only be taken if the decision has been explicitly provided for by a statement of proposal in the Council's Ten Year Plan.

Strategic assets as defined above are the assets in total and not the separate elements of the assets. The requirements of section 97 of the Act are only triggered if the proposal relates to the asset as a whole or a major sub-part of the asset.

If any strategic asset of Council is realised for cash, that cash or any assets purchased with that cash shall be placed in a specially established investment fund. That fund shall be managed in accordance with Council's Investment Policy. A Council Controlled Organisation may be established to carry out an investment management role for Council.