

5.

Ngā Kaupapa here, ngā Whakarāpopototanga me ngā Whakapuakanga **Policies, Summaries and Statements**



This chapter provides an overview of Council's key policies for the Long Term Plan. Also covered in this chapter are Council's prudential benchmarks, activity funding impact statements and Audit New Zealand's audit opinion on the Long Term Plan 2024-2034.



5.

Ngā Kaupapa here, ngā Whakarāpopototanga me ngā Whakapuakanga **Policies, Summaries and Statements**

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Section 5 Policies, Summaries and Statements

Tauākī a Whakaawe Pūtea Mahi

Activity Funding Impact Statements

These statements show where each Council activity receives its funding from, and where the funding is applied.

Capital expenditure classifications

- **Growth** is used to describe new projects identified in structure plans for the urban growth areas and funded (either wholly or partially) from financial contributions.
- **Level of service (LOS)** is used to describe projects that deliver on Council's adopted level of service and are not growth related or renewals. It is not about new levels of service or any specific change in levels of service.
- **Renewals** are used to describe projects that replace or upgrade existing assets.

Funding Impact Statement - Communities

	LTP Budget \$'000									
Surplus / (deficit) of operating funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	8,735	10,299	11,634	11,774	12,864	13,413	13,594	13,877	14,550	14,717
Targeted rates	2,253	2,495	2,638	2,767	2,836	2,930	3,023	3,231	3,467	3,679
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges and other revenue	1,012	1,331	1,602	1,641	1,670	1,703	1,736	1,774	1,803	1,786
Internal charges and overheads recovered	1,637	1,811	1,960	1,807	2,105	2,201	2,236	2,280	2,313	2,342
Local authorities fuel tax, fines, infringement fees, and other receipts	5	5	6	6	6	6	6	6	6	6
Total operating funding (A)	13,642	15,941	17,840	17,994	19,481	20,253	20,596	21,169	22,140	22,530
Applications of operating funding										
Payments to staff and suppliers	8,697	9,516	10,659	11,695	12,044	12,381	12,670	13,077	13,882	14,334
Finance costs	39	68	226	303	856	947	896	841	771	692
Internal charges and overheads applied	4,222	4,920	5,389	5,451	4,975	4,921	5,029	5,158	5,273	5,375
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	12,958	14,503	16,274	17,449	17,875	18,249	18,596	19,076	19,926	20,401
Surplus (deficit) of operating funding (A - B)	685	1,438	1,566	545	1,606	2,003	2,000	2,092	2,214	2,129
Surplus (deficit) of capital funding										
Sources of capital funding										
Subsidies and grants for capital expenditure	216	434	211	1,098	231	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	641	2,570	1,349	8,371	1,299	(666)	(677)	(726)	(718)	(711)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	857	3,004	1,560	9,469	1,530	(666)	(677)	(726)	(718)	(711)
Application of capital funding										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	635	4,401	2,616	11,283	2,379	133	92	75	141	78
- to improve the level of service	204	58	60	160	115	-	-	-	-	-
- to replace existing assets	737	483	504	526	536	547	558	568	579	589
Increase (decrease) in reserves	(34)	(501)	(54)	(1,954)	105	658	673	723	776	752
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,542	4,442	3,125	10,014	3,136	1,338	1,323	1,367	1,496	1,419
Surplus (deficit) of capital funding (C - D)	(685)	(1,438)	(1,566)	(545)	(1,606)	(2,003)	(2,000)	(2,092)	(2,214)	(2,129)
Funding Impact Statement	-	-	-	-	-	-	-	-	-	-
	LTP Budget \$'000									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Depreciation and amortisation	989	985	1,014	1,023	1,184	1,200	1,185	1,242	1,243	1,232

Funding Impact Statement - Economic Development

	LTP Budget \$'000									
Surplus / (deficit) of operating funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	63	240	218	313	312	324	324	337	336	349
Targeted rates	429	467	476	487	497	507	517	526	536	546
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges and other revenue	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	493	707	695	799	809	831	841	863	872	894
Applications of operating funding										
Payments to staff and suppliers	830	952	933	1,046	1,061	1,088	1,103	1,131	1,146	1,172
Finance costs	82	121	149	195	236	295	346	415	474	549
Internal charges and overheads applied	111	122	124	124	125	127	130	132	134	137
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	1,023	1,194	1,206	1,364	1,422	1,511	1,579	1,678	1,754	1,858
Surplus (deficit) of operating funding (A - B)	(531)	(487)	(511)	(565)	(613)	(680)	(738)	(815)	(882)	(964)
Surplus (deficit) of capital funding										
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	-	-	-	-	-	-
Application of capital funding										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	486	100	342	117	357	122	371	126	385	131
- to improve the level of service	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(1,017)	(587)	(853)	(682)	(970)	(802)	(1,109)	(942)	(1,267)	(1,095)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(531)	(487)	(511)	(565)	(613)	(680)	(738)	(815)	(882)	(964)
Surplus (deficit) of capital funding (C - D)	531	487	511	565	613	680	738	815	882	964
Funding Impact Statement	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement - Natural Environment and Sustainable Living

	LTP Budget \$'000									
Surplus / (deficit) of operating funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	432	477	494	508	510	518	529	540	551	562
Targeted rates	773	775	775	776	777	777	778	778	779	779
Subsidies and grants for operating purposes	60	67	69	71	72	74	76	77	79	81
Fees and charges and other revenue	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	1,265	1,319	1,338	1,355	1,359	1,370	1,383	1,396	1,409	1,422
Applications of operating funding										
Payments to staff and suppliers	1,522	1,698	1,747	1,795	1,847	1,890	1,932	1,974	2,016	2,057
Finance costs	69	80	109	143	185	233	286	346	410	478
Internal charges and overheads applied	109	124	128	131	123	122	124	127	129	131
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	1,699	1,901	1,984	2,069	2,155	2,245	2,343	2,447	2,555	2,667
Surplus (deficit) of operating funding (A - B)	(435)	(582)	(645)	(714)	(796)	(875)	(960)	(1,051)	(1,147)	(1,245)
Surplus (deficit) of capital funding										
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	-	-	-	-	-	-
Application of capital funding										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(435)	(582)	(645)	(714)	(796)	(875)	(960)	(1,051)	(1,147)	(1,245)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(435)	(582)	(645)	(714)	(796)	(875)	(960)	(1,051)	(1,147)	(1,245)
Surplus (deficit) of capital funding (C - D)	435	582	645	714	796	875	960	1,051	1,147	1,245
Funding Impact Statement	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement - Planning for the Future

	LTP Budget \$'000									
Surplus / (deficit) of operating funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	4,640	5,146	5,359	5,298	5,413	5,361	5,340	5,605	5,684	5,651
Targeted rates	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges and other revenue	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	4,640	5,146	5,359	5,298	5,413	5,361	5,340	5,605	5,684	5,651
Applications of operating funding										
Payments to staff and suppliers	3,527	3,897	3,934	3,789	4,016	3,980	3,935	4,168	4,223	4,169
Finance costs	(1)	4	10	11	12	13	14	15	16	17
Internal charges and overheads applied	1,212	1,361	1,426	1,509	1,397	1,382	1,405	1,437	1,461	1,482
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	4,739	5,262	5,370	5,309	5,424	5,374	5,354	5,619	5,700	5,668
Surplus (deficit) of operating funding (A - B)	(99)	(116)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Surplus (deficit) of capital funding										
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	-	-	-	-	-	-
Application of capital funding										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(99)	(116)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(99)	(116)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Surplus (deficit) of capital funding (C - D)	99	116	10	11	12	13	14	15	16	17
Funding Impact Statement	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement - Recreation and Open Space

	LTP Budget \$'000									
Surplus / (deficit) of operating funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	10,859	12,389	14,519	14,775	19,282	18,528	17,113	17,508	18,033	18,413
Targeted rates	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	303	329	336	343	350	357	364	371	378	385
Fees and charges and other revenue	62	121	145	163	178	181	185	189	192	196
Internal charges and overheads recovered	2,112	2,259	2,366	2,448	2,406	2,426	2,470	2,519	2,563	2,607
Local authorities fuel tax, fines, infringement fees, and other receipts	542	538	554	554	545	553	563	575	586	596
Total operating funding (A)	13,878	15,635	17,920	18,284	22,761	22,045	20,695	21,161	21,751	22,196
Applications of operating funding										
Payments to staff and suppliers	7,851	8,764	9,369	9,292	10,181	11,318	11,484	11,776	12,068	12,355
Finance costs	404	558	875	1,043	1,224	1,607	1,908	2,224	2,225	2,205
Internal charges and overheads applied	4,097	4,526	4,953	4,801	4,688	4,747	4,851	4,965	5,071	5,174
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	12,352	13,848	15,197	15,137	16,092	17,672	18,243	18,965	19,364	19,734
Surplus (deficit) of operating funding (A - B)	1,526	1,788	2,723	3,148	6,669	4,373	2,453	2,196	2,388	2,462
Surplus (deficit) of capital funding										
Sources of capital funding										
Subsidies and grants for capital expenditure	1,283	519	628	1,216	5,529	1,259	105	107	109	111
Development and financial contributions	1,750	1,977	2,101	2,234	2,374	1,990	2,116	2,251	2,396	2,549
Increase (decrease) in debt	(1,099)	(174)	44	(16)	(21)	(27)	(35)	(43)	(54)	(66)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,934	2,322	2,773	3,434	7,882	3,222	2,186	2,315	2,451	2,594
Application of capital funding										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	131	2,628	1,847	1,048	5,980	4,565	3,417	888	905	921
- to improve the level of service	4,353	3,957	4,106	4,554	10,829	4,227	782	797	812	826
- to replace existing assets	4,399	4,064	2,580	3,866	4,235	3,654	5,373	2,394	2,615	2,066
Increase (decrease) in reserves	(5,422)	(6,540)	(3,037)	(2,887)	(6,493)	(4,852)	(4,933)	431	507	1,243
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	3,460	4,110	5,496	6,581	14,551	7,594	4,639	4,511	4,838	5,056
Surplus (deficit) of capital funding (C - D)	(1,526)	(1,788)	(2,723)	(3,148)	(6,669)	(4,373)	(2,453)	(2,196)	(2,388)	(2,462)
Funding Impact Statement	-	-	-	-	-	-	-	-	-	-
	LTP Budget \$'000									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Depreciation and amortisation	2,526	2,814	3,053	3,232	3,534	4,075	4,263	4,469	4,691	4,734

Funding Impact Statement - Regulatory Services

	LTP Budget \$'000									
Surplus / (deficit) of operating funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	6,725	7,153	7,829	8,614	7,975	7,796	7,789	7,808	7,834	7,853
Targeted rates	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges and other revenue	8,236	9,080	9,418	9,752	10,094	10,421	10,758	11,101	11,406	11,702
Internal charges and overheads recovered	1,089	1,178	1,242	1,417	1,378	1,386	1,412	1,439	1,465	1,487
Local authorities fuel tax, fines, infringement fees, and other receipts	356	393	404	408	412	422	431	441	451	460
Total operating funding (A)	16,406	17,804	18,892	20,192	19,859	20,025	20,390	20,789	21,155	21,501
Applications of operating funding										
Payments to staff and suppliers	10,145	10,673	11,360	12,100	12,348	12,585	12,822	13,070	13,307	13,544
Finance costs	(2)	(5)	(8)	(10)	(13)	(15)	(18)	(20)	(22)	(24)
Internal charges and overheads applied	6,193	7,078	7,491	8,058	7,484	7,418	7,550	7,705	7,836	7,950
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	16,336	17,746	18,843	20,148	19,819	19,988	20,355	20,755	21,121	21,470
Surplus (deficit) of operating funding (A - B)	69	58	49	44	40	37	35	35	34	32
Surplus (deficit) of capital funding										
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	-	-	-	-	-	-
Application of capital funding										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	69	58	49	44	40	37	35	35	34	32
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	69	58	49	44	40	37	35	35	34	32
Surplus (deficit) of capital funding (C - D)	(69)	(58)	(49)	(44)	(40)	(37)	(35)	(35)	(34)	(32)
Funding Impact Statement	-	-	-	-	-	-	-	-	-	-

	LTP Budget \$'000									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Depreciation and amortisation	68	53	42	33	27	22	18	15	12	7

Funding Impact Statement - Representation

	LTP Budget \$'000									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Surplus / (deficit) of operating funding										
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	3,819	4,178	4,076	4,316	4,401	4,271	4,616	4,640	4,488	4,748
Targeted rates	447	481	497	510	522	534	546	559	570	581
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges and other revenue	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	1,159	1,240	1,305	1,351	1,330	1,342	1,367	1,395	1,420	1,444
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	5,424	5,899	5,878	6,176	6,253	6,147	6,529	6,593	6,478	6,773
Applications of operating funding										
Payments to staff and suppliers	2,424	2,696	2,541	2,732	2,842	2,704	3,019	3,015	2,840	3,070
Finance costs	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(3)	(3)
Internal charges and overheads applied	2,993	3,198	3,334	3,442	3,409	3,442	3,510	3,578	3,637	3,702
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	5,416	5,893	5,874	6,172	6,249	6,144	6,526	6,591	6,475	6,770
Surplus (deficit) of operating funding (A - B)	8	6	5	4	3	3	3	3	3	3
Surplus (deficit) of capital funding										
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	-	-	-	-	-	-
Application of capital funding										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	8	6	5	4	3	3	3	3	3	3
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	8	6	5	4	3	3	3	3	3	3
Surplus (deficit) of capital funding (C - D)	(8)	(6)	(5)	(4)	(3)	(3)	(3)	(3)	(3)	(3)
Funding Impact Statement	-	-	-	-	-	-	-	-	-	-
	LTP Budget \$'000									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Depreciation and amortisation	7	5	3	2	2	1	1	0	0	0

Funding Impact Statement - Solid Waste

	LTP Budget \$'000									
Surplus / (deficit) of operating funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	817	899	946	938	973	996	1,017	1,038	1,058	1,078
Targeted rates	3,792	4,138	4,315	4,418	4,511	4,605	4,704	4,806	4,905	5,001
Subsidies and grants for operating purposes	145	161	166	170	174	178	182	186	190	194
Fees and charges and other revenue	627	699	718	737	755	773	790	807	825	842
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	173	193	199	204	209	214	219	223	228	233
Total operating funding (A)	5,555	6,091	6,343	6,467	6,622	6,766	6,912	7,061	7,207	7,347
Applications of operating funding										
Payments to staff and suppliers	4,520	4,974	5,145	5,305	5,409	5,532	5,654	5,774	5,897	6,016
Finance costs	241	213	221	233	251	267	284	302	319	335
Internal charges and overheads applied	1,006	1,085	1,166	1,130	1,146	1,166	1,189	1,215	1,237	1,258
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	5,766	6,272	6,532	6,668	6,805	6,965	7,128	7,291	7,453	7,609
Surplus (deficit) of operating funding (A - B)	(212)	(181)	(189)	(201)	(183)	(200)	(216)	(230)	(247)	(262)
Surplus (deficit) of capital funding										
Sources of capital funding										
Subsidies and grants for capital expenditure	40	-	-	1,058	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	40	-	-	1,057	-	-	-	-	-	-
Application of capital funding										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	40	-	-	1,058	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(212)	(181)	(189)	(201)	(183)	(200)	(216)	(230)	(247)	(263)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(172)	(181)	(189)	856	(183)	(200)	(216)	(230)	(247)	(263)
Surplus (deficit) of capital funding (C - D)	212	181	189	201	183	200	216	230	247	262
Funding Impact Statement	-	-	-	-	-	-	-	-	-	-
	LTP Budget \$'000									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Depreciation and amortisation	36	38	38	37	73	74	74	79	80	80

Funding Impact Statement - Stormwater Network

	LTP Budget \$'000									
Surplus / (deficit) of operating funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	780	1,020	802	806	811	815	819	823	827	832
Targeted rates	6,708	6,850	7,956	7,102	7,532	9,931	13,426	17,643	21,751	26,195
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges and other revenue	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	7,488	7,870	8,758	7,909	8,343	10,746	14,245	18,466	22,579	27,026
Applications of operating funding										
Payments to staff and suppliers	1,564	1,786	1,797	1,761	1,804	1,846	1,982	2,011	1,995	2,036
Finance costs	2,431	2,475	2,926	3,681	3,769	3,646	3,432	2,937	2,092	885
Internal charges and overheads applied	1,062	1,105	1,160	1,183	1,161	1,172	1,196	1,220	1,240	1,262
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	5,056	5,366	5,883	6,626	6,734	6,664	6,610	6,167	5,328	4,183
Surplus (deficit) of operating funding (A - B)	2,432	2,504	2,875	1,283	1,609	4,082	7,636	12,299	17,251	22,843
Surplus (deficit) of capital funding										
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	2,706	3,545	3,808	4,086	4,382	4,116	4,412	4,726	5,067	5,432
Increase (decrease) in debt	799	6,348	12,819	440	(1,069)	(257)	(1,126)	(1,172)	(1,871)	(1,371)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	3,505	9,893	16,627	4,526	3,313	3,860	3,286	3,554	3,197	4,060
Application of capital funding										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	10,673	5,943	4,314	1,641	48	609	-	-	-	-
- to improve the level of service	1,013	3,341	2,968	2,387	1,607	2,008	1,773	1,403	865	1,576
- to replace existing assets	1,990	6,028	13,490	968	94	259	165	149	170	56
Increase (decrease) in reserves	(7,739)	(2,915)	(1,270)	812	3,172	5,065	8,983	14,301	19,412	25,273
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	5,936	12,397	19,503	5,808	4,922	7,942	10,922	15,853	20,448	26,904
Surplus (deficit) of capital funding (C - D)	(2,432)	(2,504)	(2,875)	(1,283)	(1,609)	(4,082)	(7,636)	(12,299)	(17,251)	(22,843)
Funding Impact Statement	-	-	-	-	-	-	-	-	-	-
	LTP Budget \$'000									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Depreciation and amortisation	2,035	2,176	2,395	2,468	2,508	2,673	2,700	2,718	2,898	2,907

Funding Impact Statement - Support Services

	LTP Budget \$'000									
Surplus / (deficit) of operating funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	4,911	5,610	7,665	8,185	8,656	10,077	10,392	9,647	7,878	5,139
Targeted rates	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges and other revenue	302	325	332	339	345	352	358	365	371	377
Internal charges and overheads recovered	26,245	29,396	31,660	32,042	30,114	30,051	30,673	31,380	32,008	32,601
Local authorities fuel tax, fines, infringement fees, and other receipts	774	834	852	869	886	902	918	935	952	968
Total operating funding (A)	32,232	36,164	40,509	41,434	40,001	41,381	42,341	42,327	41,209	39,085
Applications of operating funding										
Payments to staff and suppliers	27,051	28,741	30,240	31,182	30,802	31,656	32,260	32,873	33,459	34,014
Finance costs	(724)	(599)	(569)	(1,236)	(1,400)	(1,603)	(1,871)	(2,218)	(2,513)	(2,732)
Internal charges and overheads applied	3,698	4,197	4,571	4,596	4,286	4,266	4,359	4,468	4,561	4,648
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	30,026	32,339	34,242	34,543	33,687	34,319	34,748	35,123	35,507	35,931
Surplus (deficit) of operating funding (A - B)	2,206	3,825	6,267	6,891	6,314	7,062	7,593	7,204	5,702	3,155
Surplus (deficit) of capital funding										
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	31,943	24,818	(1,168)	12,917	6,685	1,714	(16,963)	(33,698)	(49,778)	(38,604)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	31,943	24,818	(1,168)	12,917	6,685	1,714	(16,963)	(33,698)	(49,778)	(38,604)
Application of capital funding										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	-	2	307	325	343	361	379	397	415	433
- to improve the level of service	671	865	1,226	901	919	935	952	970	987	1,004
- to replace existing assets	781	2,074	1,945	2,144	1,348	1,089	843	1,185	769	951
Increase (decrease) in reserves	31,604	24,185	462	15,294	9,667	5,887	(11,544)	(29,046)	(46,247)	(37,837)
Increase (decrease) in investments	1,093	1,518	1,158	1,143	722	504	-	-	-	-
Total applications of capital funding (D)	34,149	28,643	5,099	19,808	12,999	8,777	(9,370)	(26,494)	(44,076)	(35,450)
Surplus (deficit) of capital funding (C - D)	(2,206)	(3,825)	(6,267)	(6,891)	(6,314)	(7,062)	(7,593)	(7,204)	(5,702)	(3,155)
Funding Impact Statement	-	-	-	-	-	-	-	-	-	-
	LTP Budget \$'000									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Depreciation and amortisation	769	841	898	969	1,083	1,159	1,240	1,377	1,466	1,560

Funding Impact Statement - Transportation

	LTP Budget \$'000									
Surplus / (deficit) of operating funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	2,710	2,491	2,560	3,473	3,445	3,531	3,639	3,761	3,773	3,851
Targeted rates	19,964	18,287	18,793	25,641	25,423	26,062	26,865	27,770	27,847	28,426
Subsidies and grants for operating purposes	9,533	10,329	10,600	10,842	11,078	11,304	11,530	11,765	11,991	12,226
Fees and charges and other revenue	280	305	312	319	326	333	340	347	353	360
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	32,486	31,412	32,264	40,276	40,272	41,230	42,374	43,643	43,965	44,863
Applications of operating funding										
Payments to staff and suppliers	19,527	21,249	21,743	22,248	22,735	23,202	23,669	24,156	24,623	25,109
Finance costs	868	1,483	2,135	2,640	2,917	3,087	3,700	3,952	4,137	4,212
Internal charges and overheads applied	1,624	1,860	2,127	1,925	1,902	1,930	1,979	2,033	2,083	2,132
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	22,020	24,593	26,005	26,814	27,553	28,219	29,348	30,141	30,843	31,453
Surplus (deficit) of operating funding (A - B)	10,467	6,819	6,259	13,462	12,719	13,011	13,025	13,502	13,122	13,410
Surplus (deficit) of capital funding										
Sources of capital funding										
Subsidies and grants for capital expenditure	43,901	45,644	14,677	14,751	15,074	23,571	16,623	16,019	16,490	16,817
Development and financial contributions	3,703	4,234	4,526	4,843	5,179	5,067	5,417	5,798	6,202	6,643
Increase (decrease) in debt	4,018	9,049	8,103	1,005	990	6,261	1,655	694	644	586
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	51,622	58,927	27,306	20,599	21,243	34,898	23,695	22,511	23,337	24,046
Application of capital funding										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	50,224	40,736	3,701	5,459	2,523	18,785	4,741	3,594	1,641	18,662
- to improve the level of service	7,884	10,199	10,200	9,982	10,201	10,411	10,622	10,841	11,051	11,270
- to replace existing assets	14,852	18,914	20,934	21,423	21,893	22,344	22,795	23,264	24,031	24,507
Increase (decrease) in reserves	(10,871)	(4,102)	(1,271)	(2,803)	(654)	(3,630)	(1,436)	(1,686)	(264)	(16,981)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	62,089	65,746	33,565	34,061	33,962	47,910	36,721	36,013	36,458	37,457
Surplus (deficit) of capital funding (C - D)	(10,467)	(6,819)	(6,259)	(13,462)	(12,719)	(13,011)	(13,025)	(13,502)	(13,122)	(13,410)
Funding Impact Statement	-	-	-	-	-	-	-	-	-	-
LTP Budget \$'000										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Depreciation and amortisation	12,061	13,174	14,208	14,640	15,137	15,578	16,273	16,819	17,314	17,793

Funding Impact Statement - Wastewater

	LTP Budget \$'000									
Surplus / (deficit) of operating funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-
Targeted rates	13,995	18,250	19,726	22,021	24,579	28,176	32,582	36,381	40,339	44,824
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges and other revenue	52	58	59	61	62	64	65	66	68	69
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	2,000	-	-	-	-	-	-	-	-	-
Total operating funding (A)	16,047	18,307	19,785	22,082	24,641	28,239	32,647	36,447	40,407	44,893
Applications of operating funding										
Payments to staff and suppliers	8,294	9,949	9,570	10,379	10,887	11,163	11,246	11,385	12,045	12,376
Finance costs	2,707	2,498	3,270	4,464	5,810	6,893	7,496	6,885	5,999	4,660
Internal charges and overheads applied	2,644	2,820	2,980	2,997	2,953	2,984	3,039	3,101	3,165	3,221
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	13,644	15,268	15,820	17,840	19,651	21,039	21,782	21,371	21,208	20,257
Surplus (deficit) of operating funding (A - B)	2,403	3,040	3,965	4,242	4,990	7,200	10,865	15,077	19,198	24,636
Surplus (deficit) of capital funding										
Sources of capital funding										
Subsidies and grants for capital expenditure	3,727	12,529	13,160	3,952	-	-	-	-	-	-
Development and financial contributions	3,309	4,374	4,698	5,041	5,407	5,029	5,390	5,773	6,191	6,635
Increase (decrease) in debt	2,660	13,802	22,415	21,353	18,492	11,647	(3,258)	(2,258)	(3,557)	(3,548)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	9,697	30,706	40,273	30,347	23,898	16,675	2,132	3,516	2,633	3,087
Application of capital funding										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	-	2,620	10,114	2,001	-	454	843	2,057	-	6,151
- to improve the level of service	11,965	30,513	31,802	9,332	1,698	80	504	142	132	148
- to replace existing assets	1,880	2,456	2,517	25,115	25,762	19,911	1,203	1,586	1,285	1,081
Increase (decrease) in reserves	(1,746)	(1,845)	(195)	(1,859)	1,429	3,430	10,447	14,808	20,415	20,343
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	12,099	33,745	44,238	34,589	28,889	23,875	12,997	18,593	21,832	27,723
Surplus (deficit) of capital funding (C - D)	(2,403)	(3,040)	(3,965)	(4,242)	(4,990)	(7,200)	(10,865)	(15,077)	(19,198)	(24,636)
Funding Impact Statement	-	-	-	-	-	-	-	-	-	-
	LTP Budget \$'000									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Depreciation and amortisation	5,014	5,522	7,016	8,391	8,728	9,282	9,290	9,310	9,917	9,919

Funding Impact Statement - Water Supply

	LTP Budget \$'000									
Surplus / (deficit) of operating funding	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sources of operating funding										
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-
Targeted rates	12,145	13,284	14,057	12,442	12,902	15,398	18,945	23,346	27,842	32,453
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges and other revenue	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	12,145	13,284	14,057	12,442	12,902	15,398	18,945	23,346	27,842	32,453
Applications of operating funding										
Payments to staff and suppliers	7,669	8,635	8,891	8,972	9,222	9,339	9,536	9,899	9,875	10,096
Finance costs	1,491	1,767	2,400	2,850	3,349	3,906	4,366	4,525	4,842	4,379
Internal charges and overheads applied	3,271	3,488	3,686	3,717	3,685	3,727	3,796	3,876	3,941	4,008
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	12,431	13,890	14,976	15,539	16,255	16,972	17,698	18,300	18,658	18,483
Surplus (deficit) of operating funding (A - B)	(286)	(606)	(919)	(3,097)	(3,352)	(1,574)	1,247	5,046	9,184	13,970
Surplus (deficit) of capital funding										
Sources of capital funding										
Subsidies and grants for capital expenditure	1,506	1,249	1,216	-	3,612	3,696	3,780	-	-	-
Development and financial contributions	1,944	2,505	2,691	2,887	3,097	2,444	2,619	2,806	3,008	3,224
Increase (decrease) in debt	5,849	5,831	3,934	2,813	3,215	2,004	1,177	7,154	(606)	(1,179)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	9,299	9,585	7,840	5,700	9,924	8,143	7,576	9,959	2,402	2,046
Application of capital funding										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	1,903	6,692	5,041	2,329	4,492	4,928	3,849	644	658	3,902
- to improve the level of service	7,822	3,521	1,290	270	380	329	369	97	230	114
- to replace existing assets	3,591	5,727	4,889	5,122	7,090	6,101	4,615	11,686	2,746	2,295
Increase (decrease) in reserves	(4,303)	(6,961)	(4,299)	(5,118)	(5,391)	(4,788)	(10)	2,580	7,953	9,705
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	9,013	8,979	6,922	2,604	6,571	6,569	8,823	15,005	11,586	16,015
Surplus (deficit) of capital funding (C - D)	286	606	919	3,097	3,352	1,574	(1,247)	(5,046)	(9,184)	(13,970)
Funding Impact Statement	-	-	-	-	-	-	-	-	-	-
	LTP Budget \$'000									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Depreciation and amortisation	5,596	5,957	6,585	6,740	6,824	7,335	7,446	7,522	8,017	8,043



Section 5 Policies, Summaries and Statements

Tauākī Whākinga a Mahere Rae Roa mai i te timatanga o Hūrae 2024

Long Term Plan Disclosure Statement for period commencing 1 July 2024

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

What is the purpose of the Long Term Plan disclosure statement

The purpose of this statement is to disclose the council’s planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its long-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

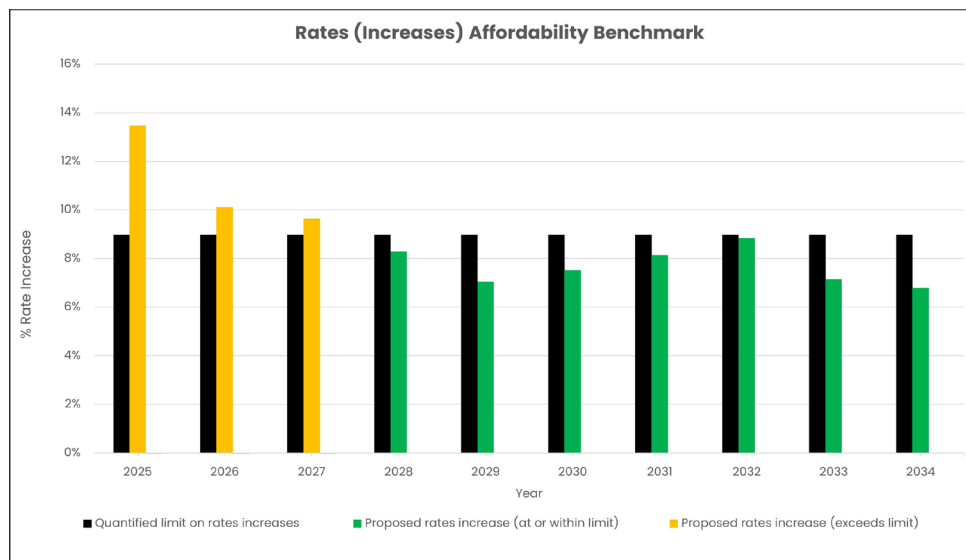
The Council meets the rates affordability benchmark if:

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

Rates (increases) Affordability Benchmark

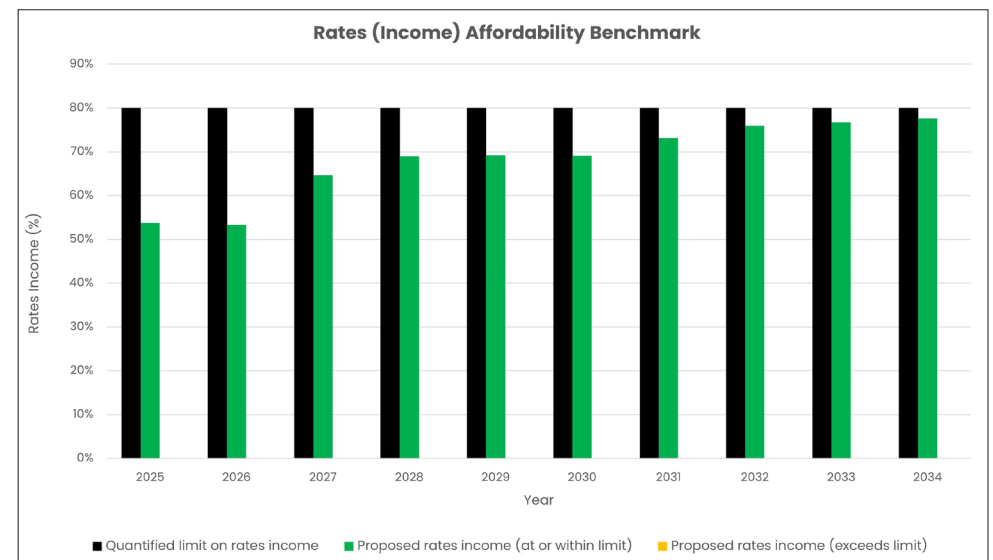
The following graph compares the Council’s planned rates increases with a quantified limit on rates increases contained in the financial strategy included in the long term plan.

The quantified limit is equal to the average LGCI of the 10 years of the LTP of 2.49% plus 6.5%



Rates (income) Affordability Benchmark

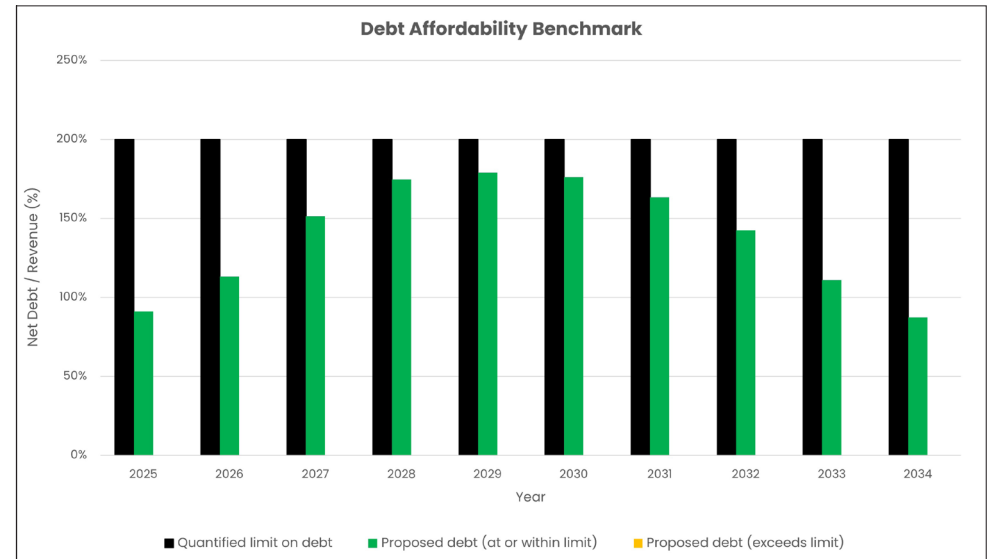
The following graph compares the council’s planned rates income with a quantified limit on rates contained in the financial strategy included in the long term plan. The quantified limit is that rates will be no more than 80% of revenue. Revenue is defined as total revenue as per the Statement of Comprehensive Revenue and Expenditure less Financial Contributions, Gains and Vested Assets.



Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

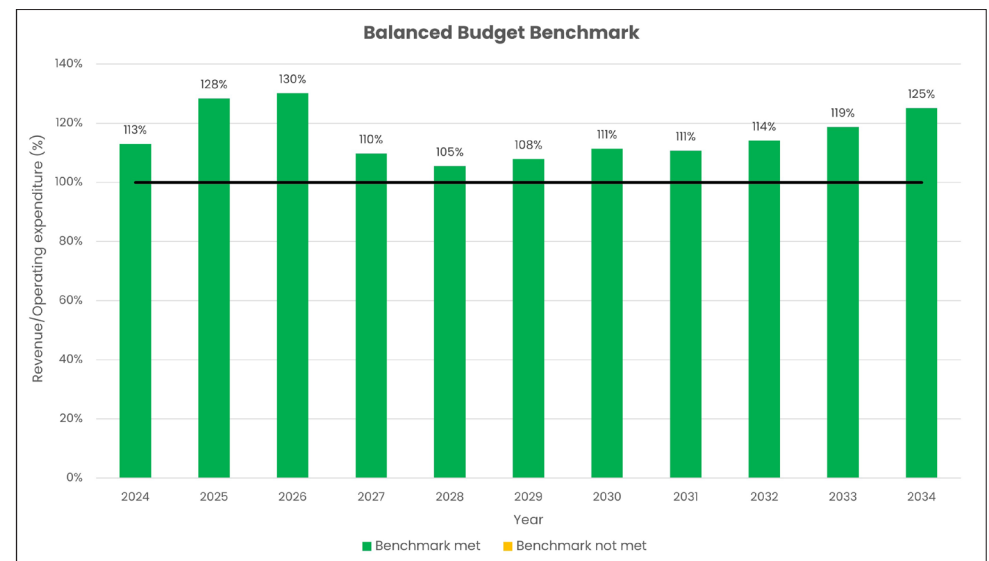
The following graph compares the Council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this long term plan. The quantified limit is that debt will not exceed 200% of revenue (excluding financial contributions and vested assets) during 2025 - 2034.



Balanced Budget Benchmark

The following graph displays the Council’s planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

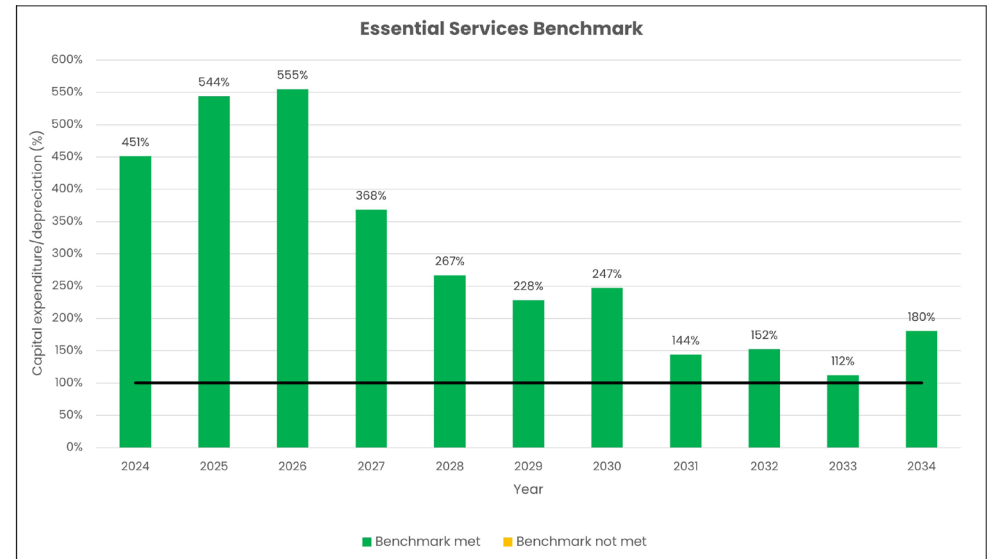
The Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses.



Essential Services Benchmark

The following graph displays the Council’s planned capital expenditure on network services as a proportion of expected depreciation on network services.

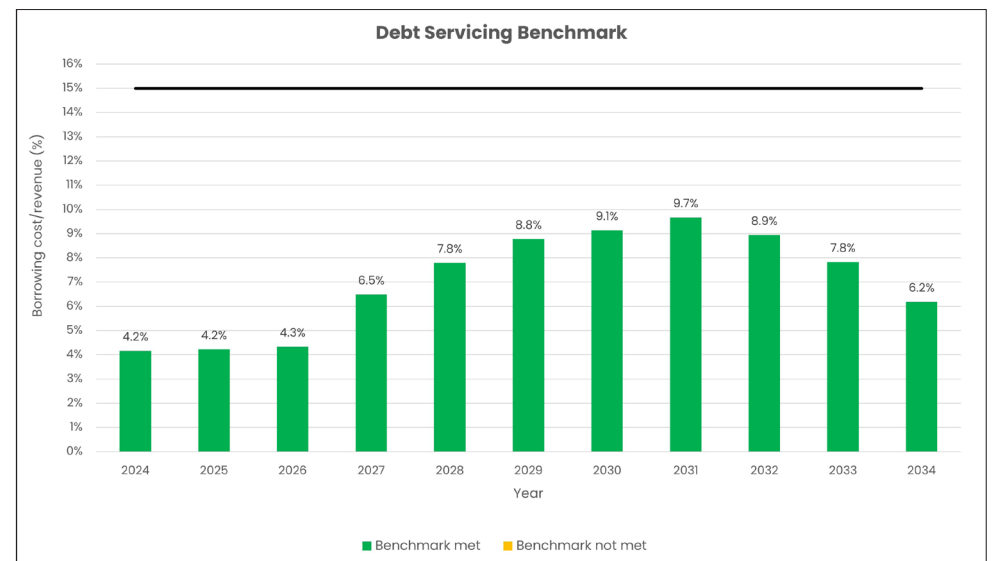
The Council meets this benchmark if its planned capital expenditure on network services (being; transportation, water, wastewater and Stormwater) equals or is greater than expected depreciation on network services.



Debt Servicing Benchmark

The following graph displays the Council’s planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council’s population will grow faster than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15% of its planned revenue.





Section 5 Policies, Summaries and Statements

Pūtea Katoa me Taupapahere Tahua

Overall Revenue and Financing Policy

This policy deals with the revenue and financing decisions taken at a "whole of Council" level. It documents our high level rating philosophy and summarises the rationale for the rating decisions taken.

Introduction

The revenue and financing policy describes how we will fund and finance our activities. It sets out how we fund operating expenses and capital expenditure from the funding sources specified in section 103 of the Local Government Act 2002.

Council's funding philosophy

Ratepayers have told us that fairness and equity in rating is very important to them. We try, wherever practical, to maintain a close relationship between the benefits received by groups of ratepayers and the rates they pay for those services, especially where communities within our District have differing levels of service. Where levels of service are more uniform or where it is impractical to identify groups of ratepayers that principally benefit, we use General Rates.

In principle, we seek to recover the maximum amount possible from the direct users of a service (the 'user-pays' principle) or from those that create the need for a service (the 'exacerbator-pays' principle), but also weigh this against the community benefit of services. The primary tools we use to achieve these principles are fees and targeted rates. We also seek to ensure that people pay for services at the time they consume them, (the 'inter-generational equity' principle). Costs of service include capital costs, direct and indirect operational costs, depreciation, interest and loan repayments. The tools we use to achieve inter-generational equity include loans, financial contributions and increases in the rating base resulting from growth.

Policy considerations

We will select funding sources for each activity after having regard to the following:

- The community outcomes to which the activity primarily contributes, and
- The distribution of benefits, and
- The period over which benefits are expected to occur, and
- The extent to which the actions or inactions of particular individuals or groups contribute to the need to undertake the activity (referred to as exacerbator issues), and
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities and
- The overall impact of any allocation of liability for revenue needs on the current and future community.

The community outcomes

The primary outcomes for each activity are included in the tables below.

The Distribution of benefits

We have taken the following general approaches to relate benefits to funding sources:

- Activities that are available to every person in the District are funded across the whole community (e.g. roading or parks and reserves).
- Services that we make available to specific areas are funded across those areas, on a District wide basis. This applies to services for water, wastewater, stormwater and rubbish and recycling.
- Fees and Charges are used as the funding source for individual or group benefits where either:
 - A direct relationship can be efficiently established between the provisions of a service and the charge, or
 - The benefits derived are beyond the level generally available to the general community, or
 - The individual or group causes us to incur additional costs beyond the level that would be required for the general community.

Period over which benefits are expected to occur

This consideration analyses the period in or over which the benefits of Council's activities are expected to accrue. This then indicates the period over which the operating and capital expenditure should be funded.

Generally operating costs are directly related to providing benefits in the year of expenditure. As such, they are usually funded on an annual basis from annual revenue

Intergenerational equity applies to capital expenditure where assets have useful lives ranging from a few years through to many decades. One method used to spread these costs over time is loan funding. This ensures that current ratepayers do not pay for benefits received by future ratepayers. Each year's ratepayers service the debt associated with this asset. This results in infrastructural costs being spread more evenly across the life of the asset and the different ratepayers who benefit from it.

User pays and exacerbator pays

We encounter situations where the actions or inactions of individuals or groups cause us to utilise additional resources. Examples of this are:

- Non complying behaviour, for example, illegal waste disposal, wandering dogs, non-compliance with consent conditions.
- High cost activities - e.g. water supply, solid waste.

The principle suggests that Council should recover some costs directly from those causing demand for the service.

We will consider:

- The impact that these situations have on the overall activity.
- The level of additional cost incurred.
- The potential to realistically recover the additional costs.
- The effect on the activity outcomes.

We may then apply funding mechanisms that recover all or part of the additional costs incurred (e.g. fines).

Costs and benefits (of separate funding)

We believe that transparency and accountability can be enhanced where the community can make a direct link between the services received and the charges we

impose. User fees and charges and Targeted Rates are examples where we believe this connection can be made.

Targeted Rates are preferred where:

- Services are made available to some properties or communities and not others (e.g. solid waste, water supply, wastewater and stormwater).
- Local communities have a strong sense of identity and accountability for an activity (e.g. community halls, where the local communities fund and operate the halls; promotion rates).
- Activities that are intended to benefit a specific area (e.g. community halls).

There are administration costs associated with separate funding and these need to be weighed against any benefits of targeting specific beneficiaries/ users of a service, including transparency and accountability. Transparency and accountability are most evident when an activity has one defined funding source. This allows ratepayers, or payers of user fees and charges to see exactly how much money is being raised and spent on the activity, and to assess whether or not the cost to them of the activity represents good value.

The overall impact of any allocation of liability for revenue needs on the current and future community

Once all the previous considerations have been taken into account, Council ensures that overall funding sources are not creating a disproportionate burden on a specific sector or part of the community

Rating Policy

Rating unit

Under the relevant legislation, we have the ability to set our unit of rating as a dwelling (or separately used inhabited part of a property) as opposed to a property. We have chosen to retain our rating unit as a property, consistent with our policy in previous years.

Rating basis

The Local Government (Rating) Act 2002 allows us to choose from three rating systems (land value, capital value and annual value). There is no legislation prescribing the best type of rating system for each council. We will assess the General Rate and all other property value-based rates (except the roading rate) on capital value. The roading rate will be assessed on land value.

We show a land value and an improvement value on our property valuations. The improvement value reflects the added value given to the land by buildings or other structures, including fruit trees, vines, and landscaping. Capital value includes both the land value and the value of improvements. The improvement value excludes chattels, stock, crops, machinery, or trees other than fruit or nut trees, vines, berry-fruit bushes, and live hedges.

Regardless of the rating basis we use, the total amount of rates collected remains the same but the incidence of rating shifts. To illustrate the differences between the land and capital value rating systems for example, consider two identically valued pieces of land, one with a substantial dwelling on it and the other with no improvements. Under the land value rating system the two properties would pay the same rates. Under the capital value rating system the property with the substantial improvement would pay more than the property that was undeveloped.

Water Supply

Water rates are charged using a metered or unmetered Uniform Targeted Rate (UTR). Our policy on water meters is that all properties connected to Council's water supply should be metered.

In establishing the criteria for water metering we recognised the environmental benefits that would result from water conservation if all users were metered and balanced that against the cost of installing meters on all properties and the affordability of such a strategy.

Where meters are in use charges are as follows:

- Each property will be charged the metered Uniform Targeted Water Rate for the first meter, and
- An additional Uniform Targeted Rate will be charged for every additional meter on the property. This covers the costs of reading, billing, maintenance, and future meter replacement.
- Connections larger than 20mm will be charged additional UTRs in proportion to the capacity of the connection.
- A charge based on water consumption per m³ is also levied. This volumetric charge is recorded as a targeted rate.

Where unmetered connections are in place a single annual charge is levied. This charge is higher than the metered water annual charge to take into account water usage.

Wastewater

Our policy on wastewater charges is:

Uniform Targeted Rate: All properties connected or available to be connected (within 30 metres of a public wastewater drain) will be charged a Uniform Targeted Wastewater Rate.

Multiple connection charges: We have a policy for charging properties with more than one toilet. It applies to all wastewater schemes.

- Each residential household will pay one standard connection charge to the wastewater scheme regardless of the number of toilets in the dwelling. This charge covers fixed and variable costs. Additional dwellings on a property will be liable for the multiple pan charge.
- Non-residential properties with more than one toilet are liable for the multiple pan charge for each consecutive toilet.

Our intention is to achieve a fair allocation of the costs of the wastewater scheme based on the usage of capacity in the system. We acknowledge that in some instances additional toilets may be installed in non-residential properties for convenience which may not result in an increase in total usage.

The Council has a multiple pan remission policy to address instances where ratepayers / organisations would be charged unduly high amounts by the application of this policy.

Schools

Although the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendment Act 2001 was repealed, schools are charged for sewage disposal on the same basis as that envisaged by the Act but as a targeted rate for each individual school in our District. This is because schools by and large have accepted the levies charged.

Funding sources

Funding sources are either paying for operating costs or capital costs.

Definition of funding sources

This section provides some simple definitions of the different sources that are available to fund Council's activities. An activity may be funded from one or more sources.

General rates

General rates are used to raise revenue for activities that are of public good or where recovery from users (private good) is not efficient or possible. It is our approach when an activity has a shortfall that shortfall is funded from general rates.

The general rate includes two portions. Part is set based on capital value (value of land plus improvements), and part is by a fixed amount per rating unit (Uniform Annual General Charge (UAGC)).

The size of the UAGC is set each year by the Council and is used as a levelling tool in the collection of General Rates. If the UAGC were set at zero, the effect would be to increase the amount of General Rates assessed on capital value which would increase the share levied on properties with higher capital values and decrease the share levied on lower capital values. In setting the level of the UAGC, we consider the following issues:

- The impact of a high UAGC on those with low incomes and relatively low property values.
- The impact of a low UAGC on the relative share of rates levied on high value properties, for example large rural properties.
- Fairness and equity and the social consequences of an unfair distribution of rates.
- The collective effect of other flat charges on affordability for low income households.

Our policy is to have the same system for charging general rates across the whole District.

Targeted rates

We use targeted rates, as defined in the Local Government (Rating) Act 2002, to collect funds over areas of benefit. This rating tool is chosen where the services provided are specific to a particular community or area within our District and it is not considered fair to charge all ratepayers, e.g. charges for town centre promotion and community halls. Details of these rates are shown in the Funding Impact Statement. These rates may be collected on a uniform (or fixed) basis per property or on the capital value of each property.



Roading rates

We have the following roading rates:

- Roothing rate on land value,
- Rural works charge which is a fixed amount on every rural zoned property.

We use the rural works charge and the UAGC to reduce the share of roading rates levied on higher value properties. If these fixed charges were not included, large pastoral farms for example, would be liable for an unfairly large share of the revenue required for roading.

The roading rate on land value is calculated using the following differentials:

- Residential zoned areas 1.0
- Rural zoned areas 1.0
- Commercial/Industrial zoned areas 4.0
- Post-harvest zoned areas 4.0

Financial contributions

To recover costs of infrastructure built to accommodate growth we use financial contributions. Our Financial Contributions Policy is set through our District Plan under the Resource Management Act 1991. The detail of the policy is published as part of the District Plan and is available on our website www.westernbay.govt.nz and at our libraries and service centres. Our District Plan provides that waivers and reductions to financial contributions levied under the Resource Management Act 1991 are agreed through our Annual Plan process.

User fees and charges

Fees, charges and the recovery of fines are used to raise revenue for services or activities that have a high component of private good and where the users of the service or the exacerbators are identifiable.

Loans

Borrowing both short term and long term is a funding tool and does not need a split between public and private good as it is only deferring the eventual charge.

Proceeds from asset sales

Proceeds from the sale of assets will be applied to reduce debt either within the activity from which the sale arose or by Council allocating the proceeds to retire debt in a specific activity.

Subsidies and grants

Income received from an external funding entity will be applied against the project for which the subsidy was acquired. These generally would be a public good, however this can depend on the purpose or source of the grant or subsidy. In some cases, financial assistance relates to a specific project and the ongoing management of the infrastructure e.g. Waka Kotahi (NZ Transport Agency) subsidise both capital costs, as well as contributing towards operational costs of the Transportation activity.

Grants, subsidies, and sponsorship have the potential to be used across all activities if available.

Depreciation and current account deficit

Replacement or renewal of assets relies on the principle of intergenerational equity in that today's ratepayers should pay for the 'asset-life' they are consuming, and likewise future generations should pay for their share of the asset's life. Funding of depreciation (or not) is covered in the Financial Strategy.

Any other source

Other funding sources may be available from time to time to fund Council activities.

How we fund our activities

The key below explains the extent of each funding source used. These ranges are expressed as a percentage of the cost of the activity. Council budgets will normally be set within these indicative ranges.

Name	% Range	Key
Minimal	0 - 15%	
Low	15 - 45%	
Moderate	40 - 75%	
High	75 - 95%	
Most	90 - 100%	
Potential to be used		✓

The Council's strategic capital delivery assumption of 80% in year 1 of the Long Term Plan and 90% in year 2 of the Long Term Plan, has skewed our capital budgets away from loan funding towards financial contributions. However, the model is consistent with the capital funding approach of our activities.

Activity	User Fees and Charges	General Rates (including UAGC)	Targeted Rates	Financial Contributions	Grants, Subsidies, Loans and other revenue
Community Building	✓				✓
Community Facilities - Capital					
Community Facilities - Operational					✓
Economic Development					✓
Libraries and Service Centres - Capital				✓	
Libraries and Service Centres - Operational					✓
Natural Environment and Sustainable Living					✓
Planning for the Future				✓	✓
Recreation and Open Space - Capital		✓	✓		
Recreation and Open Space - Operational			✓		
Regulatory Services - Animal Services - Capital	✓	✓			✓
Regulatory Services - Animal Services - Operational					
Regulatory Services - Building Services					
Regulatory Services - Community Protection					
Regulatory Services - Resource Consent					
Representation	✓				
Solid Waste - Capital					
Solid Waste - Operational					
Stormwater - Capital					
Stormwater - Operational					
Support Services*					
Transportation - Capital		✓	✓		
Transportation - Operational					
Wastewater - Capital			✓		
Wastewater - Operational				✓	
Water Supply - Capital	✓	✓	✓		
Water Supply - Operational		✓			

*Support Services are recovered through overhead allocation, general rate and user pays.

Community Building

Our community outcomes

- We have authentic Te Tiriti based relationships with Tangata Whenua.
- Our communities are vibrant and welcoming to all.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
All members of the community benefit from this activity.	Benefit is expected to arise in the year funding is sourced.	The actions of most individuals and groups have a minor impact on this activity.	This activity is primarily funded from the general rate.	<p>Most - General Rates.</p> <p>Minimal - Targeted Rates.</p> <p>Potential to be used - User Fees and Charges, Subsidies and Grants.</p>	<p>The community building activity supports cohesive, resilient communities that are contributing to the current and future needs of the district. Emergency response planning ensures community readiness. As all members of the community benefit from these activities it is appropriate that general rates are used to fund the activity.</p> <p>Where individuals or groups who benefit from the activity can be identified, such as the Katikati Community Centre then a targeted rate is used.</p>

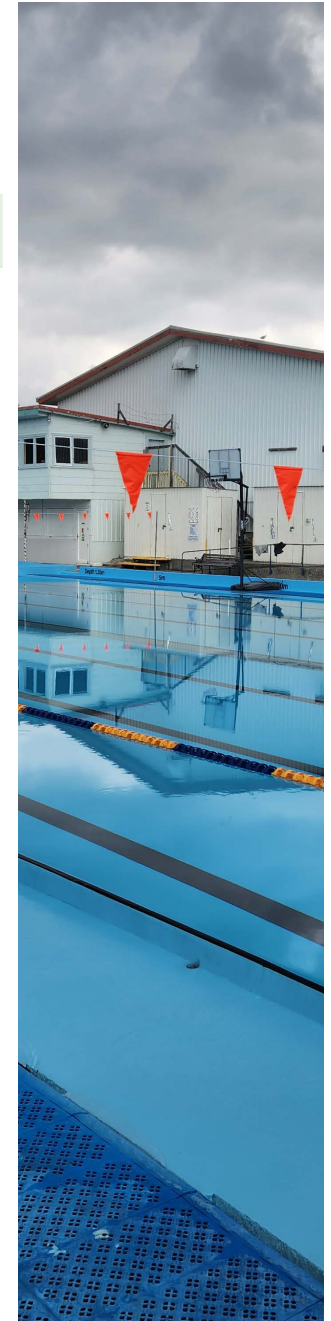


Community Facilities

Our community outcomes

- We can all enjoy a healthy and safe lifestyle.
- Our communities are vibrant and welcoming to all.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
<p>The wider community by having access to community facilities including community halls.</p> <p>Individuals benefit from the services of the cemetery.</p> <p>Individual tenants in elder housing benefit from the service.</p> <p>The wider community benefit through the protection of public health and the maintenance of cemeteries and cemetery records for future generations to locate their ancestor’s burial plot/site.</p>	Ongoing.	The actions of most individuals and groups have an impact on this activity.	<p>As we can identify the areas that benefit the most from Community Halls they are funded by way of a targeted rate.</p> <p>Those individuals who benefit directly from a service (such as cemeteries or elder housing) can be identified and this is reflected in the user fees and charges.</p>	<p>Operational:</p> <p>Moderate – User Fees and Charges including rental income</p> <p>Low – General Rates, Targeted Rates</p> <p>Potential to be used – Subsidies and Grants</p> <p>Capital:</p> <p>High – Loan</p> <p>Potential to be used – Subsidies and Grants, General Rates</p> <p>Cemeteries is 65-75% user fees and charges with the remaining portion and any shortfall funded from General Rates.</p>	<p>As we can identify the area of benefit for the community halls, a targeted rate is appropriate that those who are more likely to receive benefit from the hall contribute to the ongoing costs.</p> <p>Some general rates are required for Council’s operational costs to recognise the wider community benefit from halls.</p> <p>As tenants of Elder Housing receive a direct benefit, it is appropriate that all funding is obtained through rental income in our user fees and charges schedule. For capital projects external grant funding will be sought. Loans for Elder Housing Capital will be funded by rental income. Elder Housing is 100% funded by rental income over the LTP, unless external subsidies and grants are available for capital expenditure.</p> <p>Cemeteries are important to the community for cultural and social and environmental reasons. Whilst they do provide a private benefit there is a long term need to maintain them for an indefinite period of years. Individuals pay user charges for the initial acquisition and use of burial site.</p>



Economic Development

Our community outcomes

- Our economy is thriving.
- Our communities are vibrant and welcoming to all.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
<p>Benefits accrue to the district from the efforts to grow the economy.</p> <p>Specific sectors may have a higher degree of benefit, for example commercial, industrial and post-harvest operators.</p>	<p>Benefit is expected to arise in the year funding is sourced. However, the benefits of this activity will also accrue to future communities.</p>	<p>The actions of most individuals and groups have a minor impact on this activity.</p>	<p>Separately funded with a mix of targeted rates and district-wide charges</p>	<p>Moderate – General Rates and Targeted Rates.</p> <p>Potential to be used – Subsidies and Grants.</p>	<p>The promotion of the region as a desirable place to work and do business, and the facilitation of investment and training opportunities in the district, provides benefits to the whole District.</p> <p>This activity benefits the whole district, but the commercial, post-harvest and industrial zones recognised through the targeted rates.</p>



Libraries and Service Centres

Our community outcomes

- Our communities are vibrant and welcoming to all.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
<p>The primary benefit is to those that borrow and use library material, resources, and services.</p> <p>Benefits also accrue to the wider community through the availability of library resources including meeting spaces and community programmes.</p> <p>The wider community also benefits from our service centre activities accessing information and support.</p>	<p>Benefit is expected to arise in the year funding is sourced. However, the benefits of this activity will also accrue to future communities.</p>	<p>The community.</p>	<p>This activity is primarily funded from district-wide charges.</p>	<p>Operational: Most - General Rates Minimal - User Fees and Charges Potential to be used - Subsidies and Grants</p> <p>Capital: Moderate - Loans Minimal to Low - General Rates, and Financial Contributions, Grants, and Subsidies Potential to be used - Asset Sales</p>	<p>The community as a whole benefit from the access to libraries and service centres, and it is therefore appropriate to fund this activity through general rates.</p> <p>The private good component of the library and service centre activity is recovered through user fees and charges. High levels of user charging will in many cases restrict accessibility to those who currently benefit the most from the activity.</p> <p>Loans are generally used for the major development/ redevelopment of library buildings.</p>



Natural Environment and Sustainable Living

Our community outcomes

- Our environment is clean, green, and valued.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
The community benefits from activities that contribute to protecting and enhancing the environment.	Ongoing.	The community and private landowners including developers requiring increased environmental enhancement.	As we can identify the areas that benefit from the activity they are funded by way of a targeted rate.	<p>Moderate - Targeted rates.</p> <p>Minimal - Financial Contributions and General rates.</p>	<p>Private landowners may gain a specific benefit where increased environmental enhancement protects their properties from natural hazard risks such as coastal erosion and flooding. As we can identify the individuals who benefit, targeted rates may be appropriate.</p> <p>It is also appropriate, as a way of mitigating the negative impacts of growth on the environment, to fund some projects by way of financial contributions. There is a public good from this activity.</p> <p>Targeted rates fund the Pukehina beach protection and Waihi Land Drainage out of this activity.</p>



Planning for the Future

Our community outcomes

- Leaders are effective, informed, and inclusive.
- We have authentic Te Tiriti based relationships with Tangata Whenua.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
The wider community benefits from this activity.	Ongoing.	The community.	This activity is primarily funded from the general rate. However, when an individual can be identified, these are recovered through user fees and charges.	<p>Most - General Rates.</p> <p>Minimal - User Fees and Charges, Targeted Rates</p> <p>Potential to be used - Ecological Financial Contributions, Grants and Loans.</p>	The wider community benefits from monitoring, infrastructure investigations, policy, and planning activities therefore it is appropriate that the activity is funded by general rates, except when individuals can be identified.



Recreation and Open Space

Our community outcomes

- We can all enjoy a healthy and safe lifestyle.
- Our environment is clean, green and valued.
- Our communities are vibrant and welcoming to all.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
<p>Our network of public open space and facilities provides opportunities for people to interact socially and improve their health as well as contributing to the protection of cultural, landscape and ecological values.</p> <p>Facilities are available for use by visitors and residents alike.</p>	Ongoing.	The community and visitors.	This activity is primarily funded from district-wide charges.	<p>Operational:</p> <p>High - General Rates</p> <p>Minimal - Grants, Subsidies and User Fees and Charges (including rental income), fines/ infringements</p> <p>Potential to be used</p> <p>- Targeted Rate, Other (sale of assets), Sponsorship</p> <p>Capital:</p> <p>Moderate - Loan, Financial Contributions, and General Rates</p> <p>Minimal - Grants, Subsidies and Other (sale of assets)</p>	<p>The community as a whole benefit from the access to recreation and open space, and it is therefore appropriate to fund this activity through general rates.</p> <p>It is also appropriate to fund the growth required component of providing this activity by way of financial contributions. Further, when areas or groups of individuals can be identified as receiving more of a benefit, than a targeted rate may be utilised, however this is infrequent.</p> <p>Loans are used to finance significant reserve land acquisition opportunities. Loans are serviced (repaid) through recreation and leisure financial contributions when related to growth or from general rates, as appropriate.</p>



Regulatory Services - Animal Services

Our community outcomes

- We can all enjoy a healthy and safe lifestyle.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
<p>Individuals such as dog and livestock owners.</p> <p>The wider community benefits from the district being safer in and around dogs and other animals.</p> <p>The wider community benefits from the effective management of the public nuisance that animals can cause.</p>	<p>Benefit occurs in the year funding is sourced.</p>	<p>Actions or inactions of individuals and groups have an impact on this activity.</p> <p>The negative impacts affect the whole community.</p>	<p>Individuals who benefit directly can be identified and this is reflected in user fees and charges.</p>	<p>Operational:</p> <p>Low - General Rates or Reserves</p> <p>Moderate - User Fees and Charges</p> <p>Potential to be used - Infringements, fines, or loans.</p> <p>Capital:</p> <p>Potential to be used - Loans, User Fees and Charges, General Rates, Grants, Subsidies and Other (sale of assets)</p>	<p>User fees and charges recognise that dog owners cause the need for this activity.</p> <p>The wider community benefits from Council’s response to complaints about uncontrolled or nuisance animals, and monitoring. This includes responding to wandering stock and other animals (that aren’t dogs).</p> <p>Capital works (for dog shelters and dog exercise areas) are generally largely funded by user fees and charges and general rates. A loan may be necessary to spread this over users to reflect the intergenerational life of the assets.</p>



Regulatory Services - Building Services

Our community outcomes

- We can all enjoy a healthy and safe lifestyle.
- Our environment is clean, green and valued.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
Individuals that apply for consents and use the other services in this area. This activity also provides safety benefits to the public entering buildings and future owners and occupiers of the buildings. Information is supplied to public through inquiries. The wider community benefits from enhancing the safety of buildings.	Benefit occurs in the year funding is sourced.	Actions or inactions of individuals and groups have an impact on this activity.	Individuals who benefit directly can be identified and this is reflected in user fees and charges.	<p>Moderate – User Fees and Charges (including infringements)</p> <p>Low – General Rates or Reserves</p> <p>Note: Any shortfall is to be funded by General Rates</p>	<p>The public benefits from the assurance that building standards are being upheld. However, a private benefit can be attributed to an applicant for a building consent and the administration, processing and inspection costs charged accordingly.</p> <p>Public education and the monitoring and investigation of complaints improve safety and benefits the wider community. Complaint investigations incur costs that cannot always be attributed to a specific applicant or user so cannot be recovered.</p> <p>Public enquiries, including complaints and their investigation, are funded by general rates except where it is appropriate and practical to recover user or infringement fees. Where enforcement and legal action is taken, cost recovery will be sought, but any shortfall will be funded by general rates.</p>



Regulatory Services - Community Protection

Our community outcomes

- We can all enjoy a healthy and safe lifestyle.
- Our environment is clean, green and valued.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
<p>The wider community benefits from the efficient monitoring of bylaws, licensing services and resource consent monitoring.</p> <p>The benefit of inspection and licensing of premises accrues mostly to the business owners; but there is also a wide public health benefit to the community from premises being appropriately licensed or registered.</p>	<p>Benefit occurs in the year funding is sourced.</p>	<p>The actions of most individuals and groups have a minor impact on this activity.</p> <p>However, those who breach, or complain about alleged breaches of, regulations contribute to the need for this activity.</p>	<p>Individuals who benefit directly can be identified and this is reflected in user fees and charges.</p>	<p>Moderate - General Rates.</p> <p>Low - User Fees and Charges; Infringements, Fines, Reserves.</p>	<p>User fees and charges are applied to those who primarily benefit from this activity (for example food premises, liquor outlets). In some instances, application fees are prescribed by legislation and not sufficient to meet the actual cost of the licensing service. General rates are necessary to meet this shortfall.</p> <p>The wider community benefits from ensuring that people comply with bylaws and District Plan requirements. A small proportion of this activity can be funded from infringement fines (where a breach of a bylaw has been established, for example).</p>

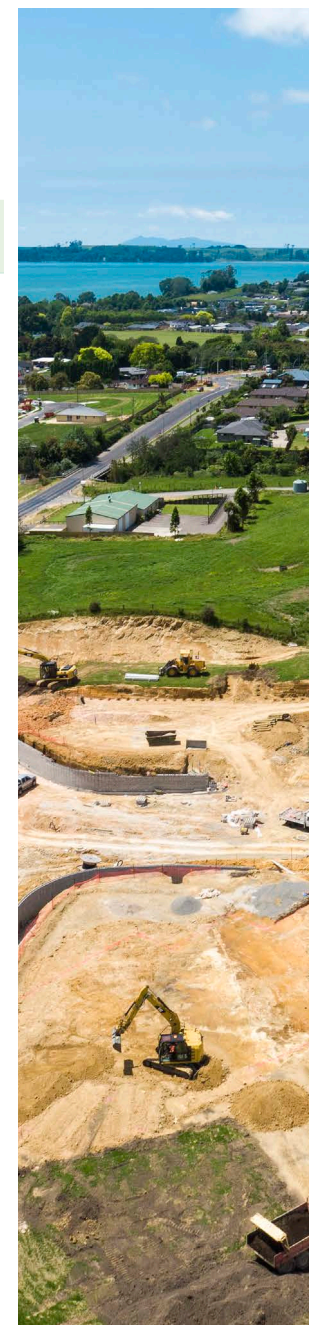


Regulatory Services - Resource Consents

Our community outcomes

- We can all enjoy a healthy and safe lifestyle.
- Our environment is clean, green and valued.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
<p>Individuals who apply for resource consents and use the other services of this activity such as accessing information relating to planning issues.</p> <p>This activity also provides benefits to those other than the applicant such as occupiers of the building and future owners.</p> <p>The whole community benefit as this activity seeks to protect our unique environment and quality of life.</p>	<p>Benefit occurs in the year funding is sourced.</p>	<p>Actions or inactions of individuals and groups have an impact on this activity.</p>	<p>Individuals who benefit directly can be identified and this is reflected in user fees and charges.</p>	<p>Moderate – User Fees and Charges (including infringements)</p> <p>Low – General Rates or Reserves</p> <p>Note: Processing land use and subdivision consent applications, LIMS and PIMs are funded 100% user fees and charges with any shortfall funded from General Rates.</p> <p>Note: Public enquiries and appeals to the Environment Court are 100% General Rate funded.</p>	<p>User fees and charges recognise that can readily identify those that directly benefit from this activity. For example, resource consents applicants/developers.</p> <p>There is public benefit in providing education and advice in relation to Resource Management Act and District Plan rules. The Duty Planner will discuss planning matters with customers to ascertain, for example, whether resource consent is required. Many of the queries attended to by the Duty Planner do not result in a resource consent being required. Therefore a “user” cannot be charged for this service.</p> <p>There is a public good component to the role Council plays as regulator, ensuring compliance with the Resource Management Act and District Plan. The public good components will be funded by the general rate to reflect the district-wide benefit.</p>



Representation

Our community outcomes

- Leaders are effective, informed and inclusive.
- We have authentic Te Tiriti based relationships with Tangata Whenua.
- We can all enjoy a healthy and safe lifestyle.
- Our environment is clean, green and valued.
- Our communities are vibrant and welcoming to all.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
The whole of the community benefits from this activity, while residents of each Community Board area also benefit from having a Community Board.	Benefit is expected to arise in the year funding is sourced.	The community.	This activity is primarily funded by general rates. However, we can identify individuals who benefit directly from each Community Board so it is appropriate that this is funded separately through a targeted rate.	High - General Rates Minimal - Targeted Rates (to cover the cost of community board activities) Note: In the event of resource consent hearings user fees and charges are used to fund up to 25% of elected member's expenses.	The activity supports the Council's democratic process and therefore it is appropriate to be funded from General Rates. As there is a direct benefit to those individuals who reside in a Community Board area, it is appropriate to have a targeted rate for those directly benefiting from Community Board area representation. When individuals can be identified then the private benefit is recovered by user fees and charges.



Solid Waste

Our community outcomes

- We can all enjoy a healthy and safe lifestyle.
- Our environment is clean, green, and valued.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
The community.	Benefit is expected to arise in the year funding is sourced. However, the benefits of this activity will also accrue to future communities.	The actions of some individuals and groups are likely to impact on this activity. For example, illegal dumping of waste and littering, or those that receive a Council kerbside collection.	Separately funded with a mix of user fees and charges, targeted rates and district-wide charges.	<p>Operational:</p> <p>High – Targeted Rates.</p> <p>Minimal – General Rate, User Fees and Charges, Subsidies, and Grants.</p> <p>Capital:</p> <p>High – Grants, Loans (serviced from Targeted Rates).</p>	<p>User fees and charges and the implementation of targeted rates recognise the benefits to people disposing of waste.</p> <p>District-wide charging is the appropriate funding source as it recognises the wider community benefit of the solid waste activity.</p>

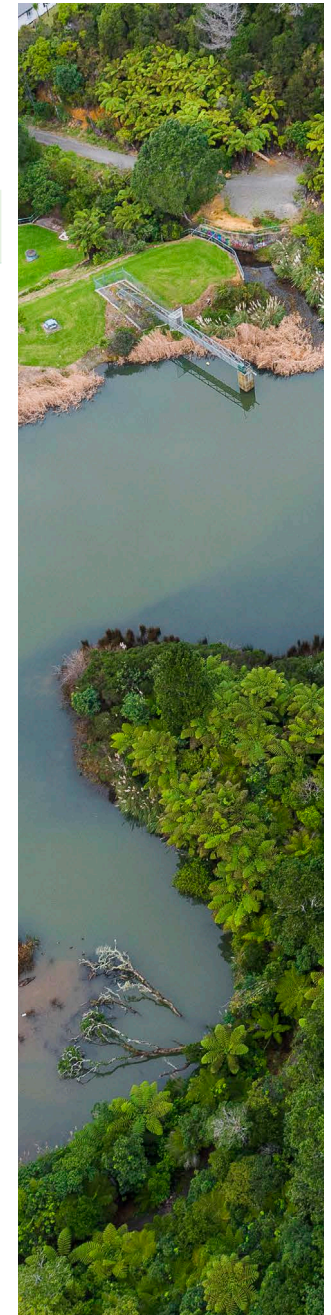


Stormwater

Our community outcomes

- We can all enjoy a healthy and safe lifestyle.
- Our environment is clean, green and valued.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
<p>Households and business benefit from the minimisation and removal of stormwater from properties.</p> <p>This extends to the wider community as stormwater is also removed from public places.</p>	Ongoing.	The actions of individuals and groups have an impact on this activity, or live in an area that is serviced by the network.	As we can identify the areas that benefit the most from stormwater they are funded by way of a targeted rate.	<p>Operational:</p> <p>High - Targeted Rate.</p> <p>Low - General or Reserves.</p> <p>Capital:</p> <p>Moderate - Loan (serviced by 90% Targeted Rates and 10% General Rate).</p> <p>Low to moderate - Financial Contributions for growth.</p>	<p>Individuals benefit from the delivery of this service through the reduction in risk of damage due to flooding and/or erosion on their properties. A targeted rate allows us to identify those who are more likely to benefit.</p> <p>There is a public benefit, and this is recognised by using the General Rate.</p> <p>Developers benefit from the existence of excess capacity in the stormwater system. In some cases, stormwater assets and levels of service must be increased to enable development to proceed. Different communities may benefit from different levels of service for stormwater. This could be because of topographical conditions, for example steep slopes, unstable land, or density of settlement, i.e., urban versus rural densities of development. The use of targeted rates recognises the benefit all users receive from having stormwater infrastructure across the district. Financial contributions allow for growth to pay for growth.</p>



Support Services

Our community outcomes

- We can all enjoy a healthy and safe lifestyle.
- Our environment is clean, green, and valued.
- Our communities are vibrant and welcoming to all.
- Leaders are effective, informed and inclusive.
- We have authentic Te Tiriri based relationships with Tangata Whenua.
- Our economy is thriving.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
The wider community benefits as support services enable all other Council activities to provide services to the community.	Benefit is expected to arise in the year funding is sourced.	Limited impact from the actions or inactions of individuals.	<p>This activity is primarily funded through overheads from across the business.</p> <p>This is funded through general rates, targeted rates and user fees and charges.</p>	<p>Note: All costs are recovered either on a user-pays basis, through overhead allocation, or allocation of the General Rate.</p> <p>High - General Rates</p> <p>Minimal - User Fees and Charges, Other Revenue</p> <p>Potential to be used - Loans, Sale of Assets, Grants and Subsidies.</p>	Support services are largely recovered through the other activities when individuals can be identified through user fees and charges and any shortfall from the general rate. This recognises the wider community benefit from the support services activity..

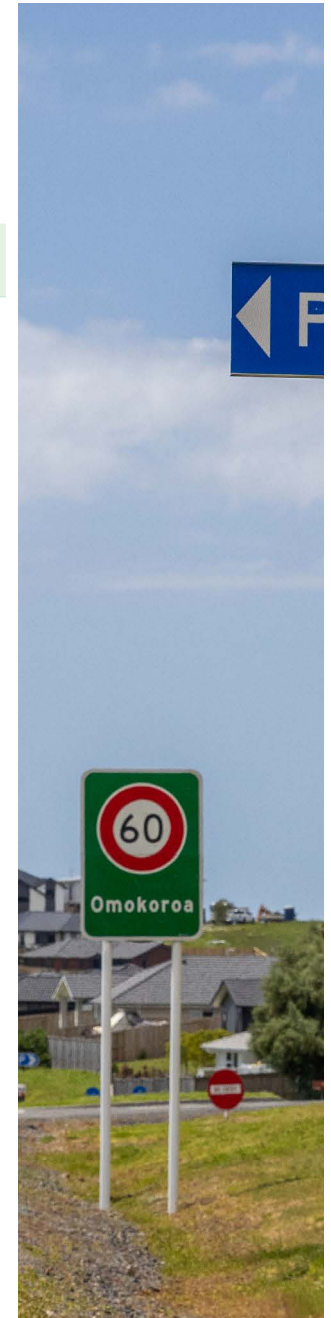


Transportation

Our community outcomes

- We can all enjoy a healthy and safe lifestyle.
- Our environment is clean, green, and valued.
- Our economy is thriving.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
Everyone in the community benefits from their personal use of the transport network and indirectly from the supply of goods and services to businesses.	Ongoing.	People and goods and services requiring transport from one place to another.	As we can identify the areas that benefit from the transportation activity, they are funded by way of a targeted rate or differential.	<p>Operational:</p> <p>Moderate – Targeted Rates.</p> <p>Low – Subsidies and Grants.</p> <p>Minimal – General Rates, User Fees and Charges.</p> <p>Capital:</p> <p>Moderate – Subsidies and Grants.</p> <p>Low – Financial Contributions, Loans, Lump sum contributions.</p> <p>Potential to be used – General Rates, Targeted Rates.</p>	<p>Both individuals and the community benefit from the efficient flow of goods, services, and people through the transport network. A targeted rate allows us to identify those who are more likely to benefit from the transportation network.</p> <p>Co-funding from other organisations, particularly Waka Kotahi, (that is funded from fuel excise tax, road user charges and licensing revenue) represents some element of user pays.</p> <p>The wider community benefits from the effective management of the environmental impacts of the transport network and therefore a district-wide charge is appropriate. For those areas we identify as receiving more benefit Council utilises a targeted rate.</p> <p>Commercial/Industrial and Post Harvest zoned properties are charged a differential for the roading rate based on land value. Those zoned areas which can be identified as having high volumes and heavy vehicles servicing these properties can cause the infrastructure to wear at a higher rate, therefore receive more benefit from Council services. Integrated planning creates time and cost efficiencies which benefit individual transport users.</p>



Wastewater

Our community outcomes

- We can all enjoy a healthy and safe lifestyle.
- Our environment is clean, green, and valued.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
All households, organisations and businesses that are connected to Council's wastewater system.	Ongoing.	Individuals requiring reticulated wastewater.	As we can identify the areas that benefit the most from wastewater they are funded by way of a targeted rate.	<p>Capital:</p> <p>Most - Loan.</p> <p>Minimal - Financial Contributions.</p> <p>Potential to be used - Targeted Rates, Subsidies and Grants.</p> <p>Operational:</p> <p>Most - Targeted Rates.</p> <p>Minimal - General Rates, User Fees and Charges.</p> <p>Potential to be used - Subsidies and Grants.</p>	The activity is primarily undertaken for the benefit of the ratepayers connected to the schemes however there is a small public benefit arising from wastewater treatment protecting the environment.



Water Supply

Our community outcomes

- We can all enjoy a healthy and safe lifestyle.

Who benefits?	When?	Creates need?	Separate funding	Funding source and proportion	Rationale
All those connected to the Western Bay of Plenty District's water supply system.	Ongoing.	People requiring potable water.	Separately funded with a mix of targeted rates, scheme based capital rates and a district wide meter operating rate.	<p>Operational: Most -Targeted Rates. (Note volumetric water charges are identified as a Targeted Rate) Potential to be used - General Rates; User Fees and Charges</p> <p>Capital: Moderate - Loan Low -Financial Contributions, Subsidies and Grants</p> <p>Potential to be used - Targeted Rates, User Fees and Charges, and General Rates.</p>	<p>The activity is primarily undertaken for the benefit of the consumers. With limited wider public benefit, there is little general rate funding expected.</p> <p>Developers benefit from the existence of excess capacity in the water supply system. In some cases, water supply assets and levels of service must be increased to enable development to proceed. The use of financial contributions and targeted rates is appropriate.</p>





Section 5 Policies, Summaries and Statements

Kaupapa here Hiranga me Whakapā

Significance and Engagement Policy

Council is required to have a Significance and Engagement Policy under Section 76AA of the Local Government Act 2002 (LGA).

The LGA sets out requirements to consult the community when making decisions. It gives Council some flexibility over how it chooses to meet those requirements. The Significance and Engagement Policy is the guide to how Council uses that flexibility.



1. Relevant legislation

Local Government Act (LGA) 2002.

2. Purpose of policy

The purpose of this Policy is to let both Council and the community identify the level of significance of particular proposals or decisions, and to understand when and how the community will be engaged in making decisions.

This Policy is one of the inputs into Council's approach to sustainable decision making. The approach to sustainable decision making is set out in Schedule 1 to this Policy.

3. Policy objective

3.1 To set out how the level of significance of a proposal or decision is determined.

3.2 To set out how Council will engage with the public about particular proposals or decisions, depending on its level of significance.

4. Policy

4.1 Council will take into account the following matters when determining the level of significance of a proposal or decision:

- Whether there is a legal requirement to engage with the community and what that requirement is (see policy 4.4 and 4.5).
- Whether the proposal or decision affects the level of service of a significant activity.
- The level of financial consequence of the proposal or decision.
- Whether the proposal or decision affects a large part of the community, and the extent to which they are affected.
- The likely impact on future and present interests of the community, recognising Māori cultural values and their relationship to land and water.
- Whether community interest in the proposal or decision is high, and /or there are divided community views.
- Whether community views are already known from previous engagement processes.
- Whether the decision is reversible.

4.2 In general, if a proposal or decision is affected by a number of the above matters, the higher its level of significance, and greater the need for community engagement.

4.3 Council will decide early in each process the appropriate level of engagement to support decision making and will apply the principles of engagement set out in Part 5.

4.4 In some instances legislation requires Council to follow either the Special Consultative Procedure (SCP) set out in Section 83 of the LGA 2002, or the principles of consultation set out in Section 82 of the LGA 2002, regardless of the level of significance of a proposal or decision.



- 4.5 In accordance with Section 97 of the LGA 2002, some decisions will only be taken if they have been consulted on and provided for in a Long Term Plan. This includes a decision to alter significantly the intended level of service of a significant activity, and a decision to transfer the ownership or control of a strategic asset to or from a local authority. Council's strategic assets are listed in Schedule 2 to this policy.
- 4.6 For all other proposals or decisions Council will determine the appropriate level of engagement on a case-by-case basis, applying the engagement principles set out in Part 5 of this policy.
- 4.7 Engagement will be informed by Council's Community Engagement Guidelines and Tangata Whenua Engagement Guidelines and Protocols. A summary of the engagement spectrum and tools is provided in Schedule 3 to this policy.
- 4.8 Council, through its Tangata Whenua Engagement Guidelines and Protocols, recognises the specific obligations set out in Section 81 of the LGA 2002 to establish and maintain processes to provide opportunities for Māori to contribute to Council decision-making processes.
- 4.9 If Council makes a decision that is inconsistent with this policy, the steps identified in Section 80 of the LGA 2002 will be followed.

5. Principles of engagement

Engagement will be:

- **Meaningful** - based on an open mind and willingness to listen.
- **Respectful** - with the aim of building council-community relationships.
- Supported by the provision of information, which is balanced, sufficient and in plain language.
- Inclusive and endeavour to reach all those affected.
- Flexible and tailored to the needs of those who are being engaged.
- Coordinated across Council departments to minimise duplication and engagement fatigue.
- Pragmatic, efficient and value for money.

6. Policy procedures

- 6.1 Council will use an internal significance checklist, alongside each report to Council / Committee, to ensure the proposal or decision has been assessed against the matters set out in Policy 4.1.
- 6.2 Each Council report will include a section on Significance, detailing the level of significance of the particular proposal or decision and the rationale for why that level has been determined.
- 6.3 Each report seeking a decision will detail the level of engagement appropriate to the proposal or decision, and tools that will be used to engage. The Community Engagement Guidelines and Tangata Whenua Engagement Guidelines and Protocols will be used to inform engagement decisions.
- 6.4 The following financial thresholds will guide analysis of the level of financial consequence of a proposal or decision. Proposals or decisions above these thresholds will be considered to be of high significance:



7. Definitions

Community - A group of people living in the same place or having a particular characteristic in common. Includes interested parties, affected people and key stakeholders.

Decisions - Refers to all the decisions made by or on behalf of Council including those made by officers under delegation. (Management decisions made by officers under delegation during the implementation of Council decisions will not be deemed as significant).

Engagement - A term used to describe the process of seeking public input to inform decision making. There is a continuum of community engagement (see Section 3 in Schedule 2 of this policy).

Significance - As defined in Section 5 of the LGA 2002 this means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for:

- a) The district or region;
- b) Any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter,
- c) The capacity of the local authority to perform its role, and the financial and other costs of doing so.

Significant - Significant means that the issue, proposal, decision, or other matter is assessed as having a high degree of significance against the criteria of this policy.

Strategic asset - As defined in Section 5 of the LGA 2002 "in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes:

- a) Any asset or group of assets listed in accordance with section 76AA (3) by the local authority, and
- b) Any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- c) Any equity securities held by the local authority in:
 - i. A port company within the meaning of the Port Companies Act 1988.
 - ii. An airport company within the meaning of the Airport Authorities Act 1966.

Council's strategic assets are listed in Schedule 2.

8. Policy review

8.1 This Policy will be reviewed every 3 years following the commencement of a new triennium.

Schedule 1 - Council's approach to sustainable decision making



Community and stakeholder engagement (including consultation) - for example:
Stakeholder meetings and workshops, reference and advisory groups, surveys, focus groups, feedback forms.

Schedule 2 - List of strategic assets

For the purpose of sections 5 and 76AA(3) of the Local Government Act 2002, Council considers the following assets to be strategic assets.

- The roading network as a whole.
- Reserves listed and managed under the Reserves Act 1997 excluding:
 - a) Reserves identified for investigation for disposal in an adopted Reserve Management Plan.
 - b) Local Purpose Reserves.
- Land held under other Acts or as fee simple but listed as reserves or considered as reserves.
- Water reticulation network as a whole.
- Wastewater plant and network as a whole.
- Stormwater reticulation network as whole.
- Library network.
- Elder housing network.

Schedule 3 - Community engagement levels and methods of engagement

Spectrum level	Community participation goal	Promise to the community	Example techniques to consider
Inform Whakamōhio Council led - this level is just as important as the other levels.	To provide balanced and objective information to assist the community in understanding the problem, alternatives, opportunities and/or solutions.	We will keep you informed.	<ul style="list-style-type: none"> • Have Your Say Western Bay/Social media • Open days/drop-in sessions/Māori initiated events • Media (Māori and mainstream)
Consult Whakauiuia Council led - this is the standard Council role.	To obtain feedback on analysis, alternatives and/or decisions.	We will keep you informed listen to and acknowledge concerns and aspirations and provide feedback on how your input influenced the decision.	<ul style="list-style-type: none"> • Feedback forms/surveys • Focus groups • Public meetings/Marae/community hui
Involve Whakaura Council led - this is where we invest in our stakeholder relationships.	To work directly with the community throughout the process to ensure concerns and aspirations are consistently understood and considered.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how your input influenced the decision.	<ul style="list-style-type: none"> • Community workshops • Partnership Forums • Hapu/Iwi Management Plans
Collaborate Mahi ngatāhi Co-led - make sure you mean it. This is our partnerships, working together in collaboration.	To partner with the community in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	<ul style="list-style-type: none"> • Citizen Advisory Committees • Partnership Forums
Empower Whakamanahia Community led - most under used role. This is where Council can take a step back and our communities can step up and take responsibility.	To place final decision making in the hands of the community.	You will decide and we will implement what you decide.	<ul style="list-style-type: none"> • Citizen juries • Ballots • Treaty settlement legislation



Section 5 Policies, Summaries and Statements

Kaupapa here Tautuhi Tatauranga

Significant Accounting Policies

This section includes financial statements and information. The Local Government Act 2002 requires Council to include forecast financial statements for the local authority within the Long Term Plan (LTP). The main purpose of providing prospective financial statements is to enable stakeholders (residents and ratepayers, other local authorities, business community groups and government regulatory bodies etc.) to make decisions regarding Council and how it conducts its business.

Prospective Statement of Comprehensive Revenue and Expense

The Prospective Statement of Comprehensive Revenue and Expense shows all of Council's prospective revenue earned and expenses incurred for the years ended 30 June 2024 to 30 June 2034. Revenue includes revenue received from rates and other revenue such as investment revenue, rent and fees while expenses paid includes costs such as operating costs, interest payments and depreciation.

This Prospective Statement shows how total comprehensive revenue and expense is arrived at. Total comprehensive revenue and expense is then added or subtracted from Council's equity as shown in the Prospective Statement of Changes in Equity.

Prospective Statement of Changes in Equity

This Prospective Statement provides information about the nature of changes in Council's equity for the years ended 30 June 2024 to 30 June 2034.

Prospective Statement of Financial Position

The Prospective Statement of Financial Position shows the assets and liabilities of the Council as at 30 June each year from 2024 to 2034.

Assets include cash, accounts receivable (money owed to Council but not yet received), investments and buildings, operational and infrastructural assets. Current assets are amounts owed to Council that are expected to be received within the next 12 months while current liabilities are Council's debts that are due to be paid within the next 12 months. Investments are Council funds held in revenue earning securities while property, plant and equipment are of a permanent nature and are held for the benefit of the community.

Non-current liabilities represent money owed by Council that does not have to be paid within the next 12 months.

Prospective Statement of Cash Flows

This Prospective Statement covers all the inflows and outflows of cash during the year covered by the Prospective Statement of Comprehensive Revenue and Expense. The Prospective Statement of Cash Flows identifies the sources and application of cash in respect of Council's operating, investing, and financing activities.

Prospective Proposed Statement of Accounting Policies

These explain the basis upon which the prospective financial Prospective Statements are prepared. They explain the methods adopted by Council used to measure the transactions incorporated into the financial Prospective Statements above.

Prospective Funding Impact Statement

The Prospective Funding Impact Statements ("PFIS") have been prepared in accordance with the Local Government (Financial Reporting) Regulations 2011, which came into effect 11 July 2011.

This is a reporting requirement unique to local government and the disclosures contained within and the presentation of these statements is not prepared in accordance with generally accepted accounting practice (GAAP).

The purpose of these statements is to report the net cost of services for significant groups of activities (GOA) of Council and are represented by the revenue that can be attributed to these activities less the costs of providing the service. They contain all the funding sources for these activities and all the applications of this funding by these activities. The GOA PFIS includes internal transactions between activities such as internal overheads and charges applied and or recovered and internal borrowings.

The PFIS is also prepared at the whole of Council level summarising the transactions contained within the GOA PFIS, eliminating internal transactions, and adding in other transactions not reported in the GOA statements. These items include but are not limited to gain and/or losses on revaluation and vested assets.

They also depart from GAAP as funding sources are disclosed within the PFIS

as being either for operational or capital purposes. Revenue such as subsidies received for capital projects, development contributions and proceeds from the sale of assets are recorded as capital funding sources. Under GAAP these are treated as revenue in the Prospective Statement of Comprehensive Revenue and Expense.

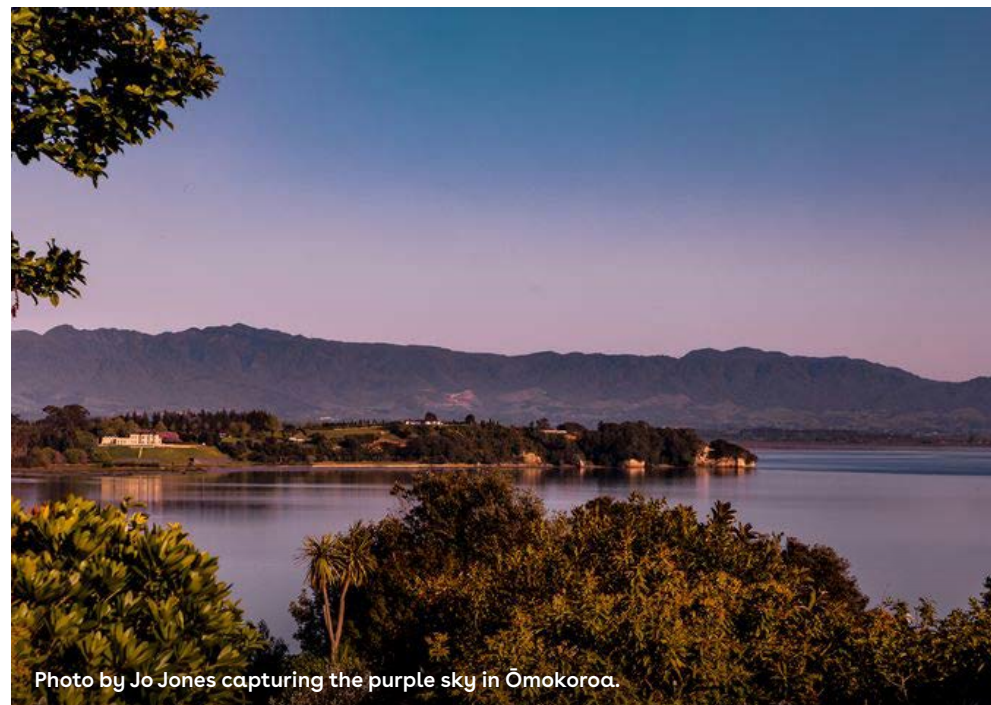


Photo by Jo Jones capturing the purple sky in Omokoroa.

Proposed Statement of Accounting Policies for Prospective Financial Statements

Reporting entity

Western Bay of Plenty District Council (Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operate in New Zealand. The relevant legislation governing Council's operations includes the LGA and the Local Government (Rating) Act 2002.

Council provides local infrastructure, local public services, and performs regulatory functions to the community. Council does not operate to make a financial return.

Council has designated itself and the group as public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice.

The prospective financial statements of Council are for the 10 year period ending 30 June 2034. The financial statements of Council for each year within the Long Term Plan (LTP) are to be authorised for issue by Council.

Basis of preparation

These set of prospective financial statements have been prepared in accordance with NZ GAAP and opening balances for the year ended 30 June 2024. Estimates have been restated accordingly if required. No actual financial results have been incorporated within the prospective financial statements.

Council and management of Council accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and other required disclosures.

Council, who are authorised to do so, believe the assumptions underlying the Prospective Financial Statements are appropriate and as such, have adopted the Consultation Document and have approved it for distribution on 9 May 2024.

The prospective financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout.

Statement of compliance

The prospective financial statements of Council have been prepared in accordance with the requirements of the LGA, which include the requirement to comply with NZ GAAP. The prospective financial statements of the Council have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with NZ GAAP.

The prospective financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These prospective financial statements comply with PBE Standards.

Measurement base

The prospective financial statements have been prepared on an historical cost basis, except where modified by the revaluation of land and buildings, certain infrastructural assets, investment property, forestry assets and certain financial instruments (including derivative instruments).

Presentation currency and rounding

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Critical accounting estimates and assumptions

In preparing these prospective financial statements, Council has made estimates and assumptions concerning the future, these are outlined in the Informing our Planning section. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Cautionary note

The information in the prospective financial statements is uncertain and the preparation requires the exercise of judgement. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material. Events and circumstances may not occur as expected or may not have been predicted or Council may subsequently take actions that differ from the proposed courses of action on which the prospective financial statements are based.

The information contained within these prospective financial statements may not be suitable for use in another capacity.



Photo by Hollie Jones capturing a paddleboarder at Tuapiro Point.

Changes in accounting policies

At the time of preparation of this Plan there were no expected significant changes in the accounting policies to those applied in the preparation of these Prospective Financial Statements.

Assumption underlying prospective financial information

The financial information contained within these policies and statements is prospective information and has been prepared in compliance with PBE FRS 42: Prospective Financial Information. The purpose for which it has been prepared is to enable the public to participate in the decision-making processes as to the services to be provided by Council over the financial years from 2024/25 to 2034/35 and to provide a broad accountability mechanism of the Council to the community.

Significant accounting policies

Revenue

Revenue is measured at fair value.

Rates Revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usages, as a result of unread meters at year-end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its Rates Remission Policy.
- From 1 July 2022 Council no longer collects rates on behalf of Bay of Plenty Regional Council.

Financial Contributions

Financial Contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides or is able to provide the service.

Waka Kotahi / NZ Transport Agency roading subsidies

The Council receives funding assistance from Waka Kotahi NZ Transport Agency, which subsidises part of the cost of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants received are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if the conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when the conditions of the grant are satisfied.

Building and resource consent revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Entrance fees

Entrance fees are fees charged to users of the Council's local facilities, such as pools. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill fees

Fees for disposing of waste at the Council's landfill are recognised upon waste being disposed of by users.

Provision of commercially based services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

Sales of goods

Revenue from the sale of goods is recognised when a product is sold to the customer.

Infringement fees and fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The revenue recognised is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the 2-year period.

Vested of donated physical assets

For assets received for no nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (for example, land must be used as a recreation reserve), the Council immediately recognizes the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability is released to revenue as the conditions are met (for example, as the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Dividends are recognised in surplus or deficit unless the dividend clearly represents a recovery part of the cost of the investment.

Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at the balance date. The stage of completion is measured by reference to the contract costs incurred up to the balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with Council's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the statement of comprehensive revenue and expense.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Finance costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Grant expenditure

The Council's grants awarded have no substantive conditions attached. Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as an expense when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as an expense when approved by the Council and the approval has been communicated to the applicant.

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into New Zealand Dollars (the functional currency) using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Tax

Council does not pay income tax as Section CW39 of the Income Tax Act 2007 specifically exempts income that is derived by a local authority from income tax, unless that income is derived from a Council Controlled Organisation, a port related undertaking, or as a trustee.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Council does not currently have any finance leases trustee.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense of the term of the lease.

Assets

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage exposure to foreign exchange arising from Council's operational activities and interest rate risk arising from Council's financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

Council has elected not to hedge account.

The associated gains or losses on derivatives that are not hedge accounted are recognised in the surplus or deficit.

Other financial assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories;

- Amortised cost
- Fair value through other comprehensive revenue and expense (FVTOCRE); and
- Fair value through surplus and deficit (FVTSD)

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council's model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding and is held within a management model managing them.

A financial asset is classified as subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measure of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans and loans to subsidiaries and associates.

Subsequent measure of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus or deficit. Instruments in this category include Council listed bonds.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Other than derivatives, the Council has no instruments in this category.

Investment in associate

An associate is an entity over which Council has significant influence and that is neither a subsidiary nor an interest in a joint arrangement.

The Council's associate investment is accounted for using the equity method. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition.

Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits.

After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Property, plant and equipment

Property, plant, and equipment consist of:

Operational assets

These include land, buildings, landfill post-closure, library books, plant and equipment, and motor vehicles.

Restricted assets

These are mainly parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal and other restrictions.

Infrastructure assets

These are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Land (operational and restricted)

Is measured at fair value, and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are measured at fair value, less accumulated depreciation, and impairment losses.

All other asset classes are measured at cost, less accumulated depreciation, and impairment losses.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the asset to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as noted overleaf.

Buildings		
Buildings	2 - 100 years	Straight line
Land	-	Not depreciated
Plant and equipment	4 - 10 years	Diminishing value
Office equipment and furnishings	4 - 10 years	Diminishing value
Computer systems	2 - 5 years	Diminishing value
Motor vehicles	4 - 5 years	Diminishing value
Library books	10 - 15 years	Straight line
Infrastructure Assets		
Roothing network		
Top surface (seal)	5 - 60 years	Straight line
Pavements (base course)		
• Sealed	5 - 60 years	Straight line
• Unsealed	3 - 5 years	Straight line
Other	5 - 70 years	Straight line
Formation	-	Not depreciated
Bridges		
Bridges	50 - 100 years	Straight line
Reticulation		
Water	15 - 80 years	Straight line
Sewerage	40 - 100 years	Straight line
Stormwater	70 - 120 years	Straight line
Treatment plant and equipment	15 - 80 years	Straight line
Other structures		
Reservoirs	80 - 100 years	Straight line
Dams	100 years	Straight line
Bores	100 years	Straight line
Coastal structures	5 - 75 years	Straight line

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

Revaluation

Land and buildings (operational and restricted) library books, and infrastructural assets (with the exception of land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit.

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

Additions

The cost of an items of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Impairment of property, plant and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

For assets not carrying a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at revalued amount, the reversal of an impairment loss is recognised in surplus or deficit.

Intangible assets

Initial recognition and subsequent measurement

Purchased intangible assets are initially recognised at cost. For internally generated intangible assets, the cost includes direct employee costs, a reasonable portion of overhead and other direct costs that are incurred in the development phase of the asset.

Intangible assets acquired at no cost are initially recognised at fair value where they can be reliably measured. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses, if any.

Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite life and are not amortised but are instead tested for impairment annually.

Carbon credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Amortisation

The carrying value of an intangible asset with a finite life is amortised based the Diminishing Value method over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follow:

Computer software	3 to 5 years	20% to 33.3%
Resource consents	Life of the asset	5%
Property subdivision rights	19 years	3% to 5%

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

For further details, refer to the policy for impairment of property, plant, and equipment. The same approach applies to the impairment of intangible assets.

Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in surplus or deficit.

Forestry maintenance costs are recognised in surplus or deficit when incurred.

Payables and deferred revenue

Short-term creditors and other payables are measured at the amount payable.

Borrowings and other financial liabilities

Borrowings on normal terms are initially recognised at the amount borrowed plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Employee entitlements***Short-term employee entitlements***

Employee benefits that are expected to be settled wholly within twelve months after end of the year in which the employee provides the related service are measured and based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where the Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- The present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- There is a present obligation (either legal or constructive) as a result of a past event;
- It is probably that an outflow of future economic benefits will be required to settle the obligation and
- A reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash flows. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs”.

Equity

Equity is the community’s interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Accumulated funds
- Restricted reserves
- Property revaluation reserve
- Fair value through other comprehensive revenue and expense reserve.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves include those subjects to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Property revaluation reserve

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

Goods and services tax

Items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST- inclusive basis.

Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from the IRD, including the GST relating to investing and financing activities, is classified as operating cashflow in the statement of cashflows.

Commitments and contingencies are disclosed exclusive of GST.

Cost allocation

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.



Photo by Quintin Murray of Pudding Basin Falls while on a hike in Whakamarama.

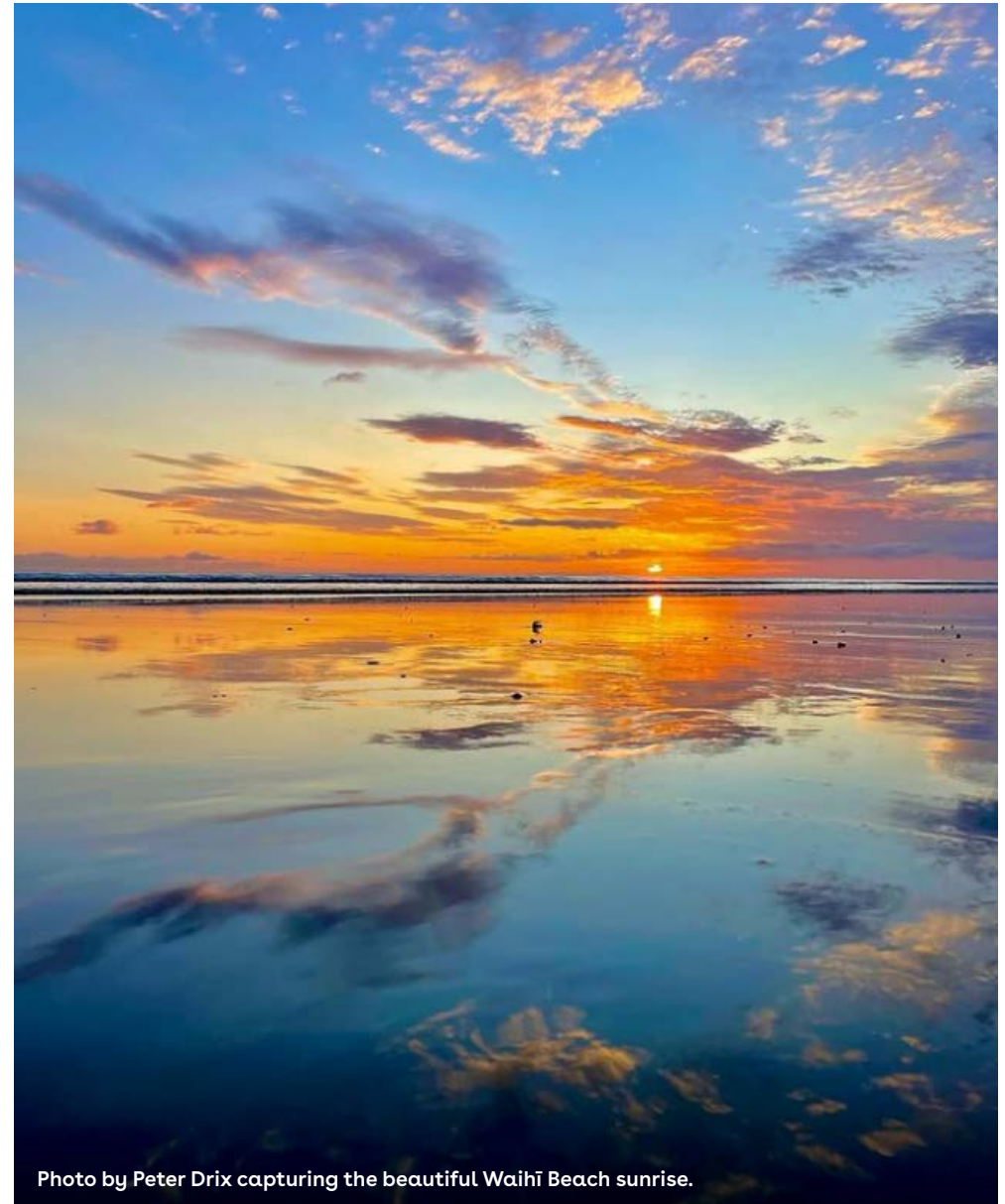


Photo by Peter Drix capturing the beautiful Waihi Beach sunrise.



Section 5 Policies, Summaries and Statements

Whakarāpopoto o Kaupapa here Tuku Tahua

Summary of Financial Contributions Policy

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

General position statement

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

Criteria

Protection of the natural and physical environment and social, economic, cultural, and environmental wellbeing of the people and communities from the potential adverse effects of new or intensified development.

- The provision of adequate funding for and efficient utilisation of the District's infrastructure.
- A financial contributions strategy which ensures that financial contributions are charged on the basis of covering the community's costs of providing infrastructure.
- A financial contributions strategy which is responsive to the social, environmental, cultural, and economic needs of the community.
- Timing of development commensurate with the ability to make appropriate provision for infrastructure.

Summary of Financial Contributions Policy

Introduction

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

Integration of Council's funding strategy with growth management is critical to ensure that funds are spent in the most effective manner possible. Part of the funding strategy is to ensure that those who require the expenditure pay accordingly. Financial contributions from development are seen as a key part of that strategy to make sure that new development is not subsidised by existing ratepayers where possible.

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

Wastewater

Effects on the environment including property, people and their health, amenity, social and cultural values through pollution of soil, ground and surface water, the coastal area including beaches and seafood and through odour.

Stormwater

Effects on property, human life and health and amenity and cultural values through flooding, siltation, erosion and pollution of waterways and coastal waters.

Water supply

Effects on health, fire safety, amenity, economic and cultural wellbeing through adequacy and quality of supply.

Transportation and Rooding

Effects on access, mobility and safety, social, cultural, and economic wellbeing through inadequate standards for the level of use.

Recreation and Leisure

Effects on wellbeing of people and communities and cultural and amenity values through inadequate or inappropriate provision of open space and facilities.

New development may also have adverse effects on indigenous vegetation and habitats of indigenous fauna through inadequate protection of and, provision for, biodiversity.

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

Integrated growth management (statutory context)

While Council's financial contributions policy is determined as part of the District Plan process, the schedules of works and consequent amounts payable can be updated each year through the Long Term Plan or Annual Plan process. This is to ensure that amounts charged reflect up to date costs, including actual expenditure and any necessary changes in timing or patterns of growth. Financial contributions can also be reviewed through a plan change through the RMA process. Implementation and monitoring are carried out through separate processes such as the Annual Plan and Annual Report.

General approach to calculating financial contributions

Financial contributions in the District Plan are based on a buy-in to the surplus capacity of existing infrastructure and/or the payment of a contribution to development programmes involving the upgrading of existing infrastructure or the provision of new infrastructure, both of which allow for future development. Infrastructure financial contributions are calculated in accordance with formulae set out in the District Plan and are based on approved development programmes. Some of these programmes will be established through urban growth structure plans (water, wastewater, stormwater and urban roading) which include schedules of works to be undertaken, timing and funding (particularly the split between developer and Council funding). For areas not covered by structure plans, e.g. rural areas, geographic spread and the unpredictability of the location of growth makes it difficult to implement planned infrastructure development programmes. Rather than restrict growth, Council wishes to provide for it in a responsive manner. Development of rural areas roading will be subject to financial contributions that have been developed on a broader catchment or District-wide basis.

Infrastructure provision or upgrades will be implemented through approved infrastructure development programmes that are based on criteria that are triggered by estimated growth.

The level of financial contribution is generally calculated by projecting growth for various parts of the District, establishing the need for and, capital costs of, a service or facility for the planning period (including costs which have already been incurred in anticipation of growth) to service that growth and then determining an equitable contribution. Specifically, financial contributions for recreation, transportation and ecological protection are based on future capital expenditure requirements. Financial contributions for water, wastewater and stormwater are based on recovery of the value of existing surplus capacity, plus the value of additional capacity for future dwellings.

The financial contributions for ecological protection can only be reviewed through a change to the District Plan.

Subdivision is generally a precursor to further development and intensification of the use of land, so financial contributions are generally assessed at the time that a resource consent for a subdivision, development or new activity is granted and are paid directly to Council as the relevant condition of consent provides.

Financial contributions may also apply to land use changes where the new activity has a potential future impact on infrastructure.

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

A disclosure table identifying growth capital accompanies the Annual Plan, Long Term Plan and updated annually.

We are undertaking a historical review of all projects to consider whether there is any residual unfunded growth debt and if required will be subject to future consultation with the community.

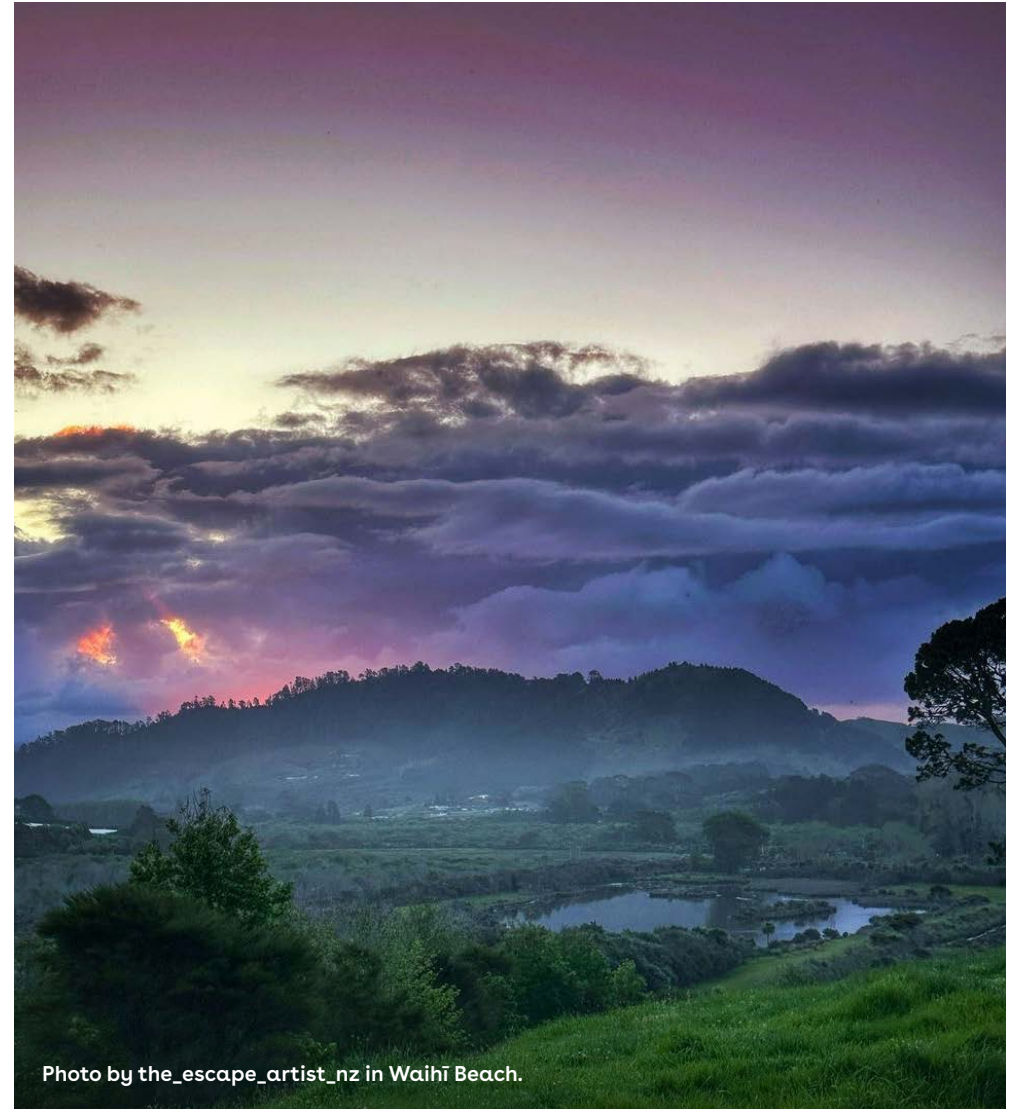


Photo by the_escape_artist_nz in Waihi Beach.

Whakarāpopoto o ētahi Kaupapa here Tautuhi Rēti

Summary of Specific Rates Policies

In addition to Council's overall rating policies, specific policies have also been established over time to accommodate individual ratepayer circumstances that have been identified as requiring a specific approach. By having these specific policies available Council considers it provides a more equitable and fair rating system.

Council's specific rates policies:

- Discount for early payment of rates in current financial year
- Rates remission for covenanted land
- Remission of rates penalties
- Rates remission on Māori freehold land
- Rates postponement for financial hardship
- Rates postponement for homeowners aged over 65
- Rates remission for re-zoned land
- Rates remission for contiguous land
- Rates remission for land used for sport and games
- Rates remission for natural disaster and emergencies
- Early payment of rates for subsequent years
- Multiple Pan wastewater remissions
- Water rates remissions.



The policies can be viewed on Council's website www.westernbay.govt.nz/policiesandbylaws



Section 5 Policies, Summaries and Statements

Tauākī mō Ngā Tōpūtanga a Kaunihera

Statement on Council-Controlled Organisations

Council-Controlled Organisations (CCOs) are companies, trusts, or other types of organisations in which a local authority holds 50% or more of the voting rights or has the power to appoint 50% or more of the directors. CCOs that operate for the purpose of making a profit are known as Council-Controlled Trading Organisations (CCTOs).

Western Bay of Plenty District Council is a member of the following Council-Controlled Organisations (CCOs):

- New Zealand Local Government Funding Agency (LGFA) - a CCTO
- Bay of Plenty Local Authority Shared Services Limited (BOPLASS)
- Western Bay of Plenty Tourism and Visitors Trust (Tourism Bay of Plenty)
- CoLAB Limited.

These organisations have signed a Statement of Intent that is agreed with us and the other member councils.

The Statement of Intent specifies:

- the objectives or purpose of the organisation; and
- the nature and scope of the activities to be delivered; and
- the performance targets and other measures by which the performance of the organisation may be judged in relation to its objectives.

The Statement of Intent is a public document that can be supplied on request. The tables overleaf provide the information stated above:





New Zealand Local Government Funding Agency Limited, known as the 'LGFA'

Council-Controlled Organisation	Purpose
<p>New Zealand Local Government Funding Agency Limited, known as the 'LGFA'.</p> <p>The principal shareholder councils of the LGFA are made up of 31 local and regional authorities including:</p> <ul style="list-style-type: none"> • Auckland Council • Bay of Plenty Regional Council • Christchurch City Council • Gisborne District Council • Hamilton City Council • Hastings District Council • Taupo District Council • Tauranga City Council • Wellington City Council • Wellington Regional Council • Western Bay of Plenty District Council • Whangarei District Council, and • His Majesty The King acting by and through the Minister of Local Government and the Minister of Finance. 	<p>The LGFA is a partnership between Participating Local Authorities and the Government which enables Councils to secure funding at lower interest margins and to make longer-term borrowings. The LGFA raises debt on behalf of local authorities through domestic and offshore sources, at a rate that is more favourable than that which would be secured if the council was to raise debt directly.</p> <p>Primary Objective</p> <p>The LGFA will operate with the primary objective of optimising the debt funding terms and conditions for participating Local Authorities.</p> <p>Among other things this includes:</p> <ul style="list-style-type: none"> • Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of funding. • Offering more flexible lending terms to Participating Local Authorities. <p>Additional Objectives</p> <p>The LGFA has a number of additional objectives which complement the primary objective. These objectives are to:</p> <ul style="list-style-type: none"> • The Shareholders agree that the Company shall carry on its business with a view to making a profit sufficient to pay a dividend in accordance with the Dividend Policy • Exhibit a sense of social and environmental responsibility by having regard to the interests of the community which it operates and by endeavoring to accommodate or encourage these when able to do so. • Be a good employer and conduct its affairs in accordance with sound business practice. Ensure compliance with the Health and Safety at Work Act 2015. • Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses. • Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency. • Achieve the financial forecasts (excluding the impact of AIL) set out in its Statement of Intent.



Council-Controlled Organisation	Purpose
<p>New Zealand Local Government Funding Agency Limited, known as the 'LGFA'</p>	<p>The LGFA has the following performance targets:</p> <p>LGFA's net interest income for the period to:</p> <ul style="list-style-type: none"> • 30 June 2025 will be greater than \$28.3 million. • 30 June 2026 will be greater than \$28.3 million. • 30 June 2027 will be greater than \$27.0 million. <p>LGFA's annual issuance and operating expenses (excluding AIL) for the period to:</p> <ul style="list-style-type: none"> • 30 June 2025 will be less than \$10.4 million. • 30 June 2026 will be less than \$10.8 million. • 30 June 2027 will be less than \$11.2 million. <p>Total lending to participating Borrowers at:</p> <ul style="list-style-type: none"> • 30 June 2021 will be at least \$22,086 million. • 30 June 2022 will be at least \$24,456 million. • 30 June 2023 will be at least \$26,053 million. <ul style="list-style-type: none"> • LGFA will conduct an annual survey of Participating Borrowers who borrow from LGFA and achieve at least an 85% satisfaction score as to the value added by LGFA to the borrowing activities. • Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements. • Achieve 80% market share of all council borrowing in New Zealand. • Review each Participating Borrower's financial position, its headroom under LGFA policies and arrange to meet each Participating Borrower at least annually. • No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015. • Successfully refinance all existing loans to councils and LGFA bond maturities as they fall due.



Bay of Plenty Local Authority Shared Services Limited known as 'BOPLASS'

Council-Controlled Organisation	Purpose
<p>Bay of Plenty Local Authority Shared Services Limited known as 'BOPLASS'.</p> <p>The nine shareholding councils of BOPLASS are:</p> <ul style="list-style-type: none"> • Bay of Plenty Regional Council • Gisborne District Council • Kawerau District Council • Opotiki District Council • Rotorua District Council • Taupo District Council • Tauranga City Council • Western Bay of Plenty District Council • Whakatane District Council 	<p>BOPLASS is a company owned by nine councils in the Bay of Plenty/Gisborne regions, which investigates, develops and delivers shared SERVICES, and undertakes joint procurement where this is appropriate.</p> <p>Primary Objective</p> <p>Working together to provide benefits to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and / or increased value through innovation.</p> <p>Performance targets and measures from Statement of Intent 2024/27</p> <p>Over the next three years, the targets are to:</p> <ul style="list-style-type: none"> • Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils. Measure: Contracts reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable. • Investigate new joint procurement initiatives for goods and services for BOPLASS councils. Measure: A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/ or improved service levels to the participating councils • Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties. Measure: Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually. • Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration. Measure: Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils. Number of active users to increase by 5% per year. • Communicate with each shareholding council at appropriate levels. Measure: Information provided to elected members, and feedback sought, on BOPLASS projects, benefits to local communities, and value added to each council. • Ensure current funding model is appropriate. Measure: Performance against budgets reviewed quarterly. Company remains financially viable.



Western Bay of Plenty Tourism and Visitors Trust, trading as Tourism Bay of Plenty (TBOP)

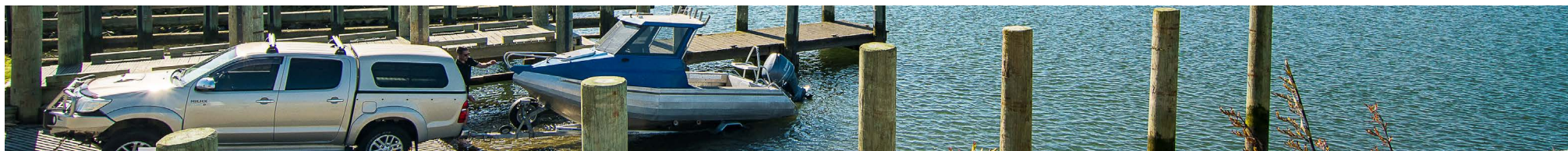
Council-Controlled Organisation	Purpose		
<p>Western Bay of Plenty Tourism and Visitors Trust, trading as Tourism Bay of Plenty (TBOP).</p> <p>This is a joint council-controlled Organisation of Western Bay of Plenty District Council and Tauranga City Council.</p>	<p>Tourism Bay of Plenty purpose is to promote the economic welfare and development of the western bay region and its citizens through destination marketing, destination management, and other related activities which impact on the region as a visitor destination. TBOP is also responsible for providing visitor information services in the region.</p>		
	<p>Additional Objectives</p>		
	<p>TBOP takes the lead role in the sustainable growth of the visitor economy and destination management of Te Moananui ā Toi the Coastal Bay of Plenty. TBOP’s purpose is ‘to lead the prosperity of our people and place through tourism’. As such, our principal objectives are to:</p> <ol style="list-style-type: none"> 1. Help manage and promote the reputation of Tauranga and the wider coastal region nationally and internationally, to increase awareness and appeal. 2. Create, identify, and support opportunities for tourism to have positive economic, social, cultural, and environmental outcomes for the region and residents. 3. Share positive visitor sector stories to engage communities and to demonstrate the value of tourism to local residents (i.e., maintaining social license). 4. Provide leadership, advocacy, and engagement across the visitor economy, in areas such as events, cruise, conferencing, destination management, destination marketing, and storytelling. 5. Participate in conversations with both councils and in their subsequent workstreams, in relation to the development of their strategic directions. This includes contributing to Long-Term Plan conversations, the Te Manawataki o Te Papa project, and other similar large-scale council projects or reviews. 6. Ensure the TBOP business continuity plan is up to date and that it includes contingency strategies, being mindful of relevant health and safety legislation whenever we’re providing services to support the wellbeing of our communities. 		
	<p>Performance targets and measures from Statement of Intent 2024-2026</p>		
	<p>Target by June 2024</p>	<p>Target by June 2025</p>	<p>Target by June 2026</p>
<p>Economic Wellbeing: Grow the value of tourism to the Western Bay economy.</p>	<p>Increased visitor spend in the Western Bay compared to YE June 2023.</p>	<p>Increased visitor spend in the Western Bay compare to YE June 2024.</p>	<p>Increased visitor spend in the Western Bay compare to YE June 2025.</p>



Council-Controlled Organisation	Performance targets and measures from Statement of Intent 2024-2026			
Western Bay of Plenty Tourism and Visitors Trust, trading as Tourism Bay of Plenty (TBOP). (Continued)		Target by June 2024	Target by June 2025	Target by June 2026
	Social Wellbeing: Enhance the value of tourism to our community (according to the community) via a residents satisfaction survey. Residents provide a rating of 1 to 10, where 1 is strongly disagree and 10 is strongly agree.	Western Bay of Plenty District Residents: 72%	Western Bay of Plenty District Residents: 72%	Western Bay of Plenty District Residents: 72%
	Cultural Wellbeing: Improving the cultural wellbeing of the community through tourism.	Incorporated Tauranga cultural history and stories into digital storytelling wayfinding platforms managed by TBOP.	Incorporated Western Bay of Plenty District cultural history and stories into digital storytelling and wayfinding platforms managed by TBOP.	Supported a minimum of 3 Māori tourism operators to connect their experience offering to a digital platform.
	Environmental Wellbeing: Improving the environmental wellbeing of the region via environmental sustainability and regeneration projects.	A total of 100 visitor sector organisations in the western bay have implemented sustainability initiatives and improved their sustainability literacy after completing The Green Room programme.	Key opportunities identified to support climate change mitigation and adaptation projects relating to tourism (connecting with the Tauranga Climate Change Action and Investment Plan, where relevant).	Key actions and programmes are in place which build on climate change mitigation and adaptation progress relating to tourism (connecting with the Tauranga Climate Change AIP, where relevant).
	TBOP Organisational Wellbeing: Enhance TBOP's ability to achieve its goals through high staff engagement.	Employee Engagement score of ≥80%.	Employee Engagement score of ≥80%.	Employee Engagement score of ≥80%.

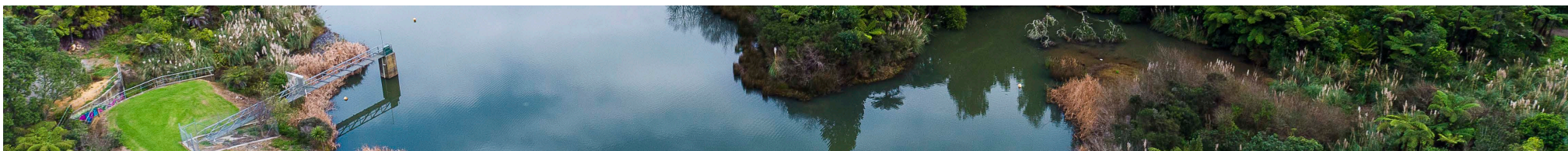


Council-Controlled Organisation	Performance targets and measures from Statement of Intent 2024-2026		
<p>Western Bay of Plenty Tourism and Visitors Trust, trading as Tourism Bay of Plenty (TBOP).</p> <p>(Continued)</p>	<p>Destination Management and Marketing</p>	<p>Elevate the region’s cycling proposition.</p>	<p>Develop, update, and promote informative material on cycle trail options in the western bay.</p>
		<p>Build operator capability to enhance the quality of the region’s tourism offering.</p>	<p>Provide opportunities for western bay operators to train or upskill in sales, marketing and trade capability areas while also gaining, retaining, or achieving higher Qualmark rated certification.</p>
		<p>Coordinate activity that attracts key business events to the western bay region.</p>	<p>Facilitate leads and bids for business events in the region.</p>
		<p>Elevate the region’s food story and proposition.</p>	<p>Promote and support the delivery of the Flavours of Plenty Festival to draw visitors to the Coastal Bay of Plenty region.</p>
		<p>Promotion of the western bay region to key target markets (cultural explorers, surf & beach lovers, outdoor adventurers, and eco-travellers).</p>	<p>Annual development and delivery of marketing campaigns that incorporate our key DNA™ pillars that reach and convert the travel intentions of our target markets to visit, stay and spend in the region.</p>



CoLAB Limited

Council-Controlled Organisation	Purpose		
<p>CoLAB Limited</p> <p>CoLAB Limited is a non-profit owned by 12 Councils.</p> <p>Shareholding Councils</p> <ul style="list-style-type: none"> • Hamilton City Council • Hauraki District Council • Matamata-Piako District Council • Otorohanga District Council • Rotorua Lakes Council • South Waikato District Council • Thames-Coromandel District Council • Waikato District Council • Waikato Regional Council • Waipa District Council • Waitomo District Council • Western Bay District Council <p>Other Councils</p> <ul style="list-style-type: none"> • Taupo District Council 	CoLAB exists to help its Councils maximise community wellbeing by identifying and realising shared opportunities through collaboration		
	Primary Objective		
	CoLAB provides its Council's with the ability to participate in the strategic planning and direction of shared services offerings. This ensures opportunity benefits are realised and provide services that meet the needs of Councils and foster cross-council collaboration.		
	Performance targets and measures from Statement of Intent 2024-2027		
	Strategic Goal	3 Year Objective	Annual KPI
Shareholding councils understand we provide them value.	<p>The value CoLAB provide its shareholders has improved by 15% by 30 June 2027 * (baseline y/e 30 June 23).</p> <ul style="list-style-type: none"> • By 30 June 2027, 80% of shareholders agree they get value from CoLAB. • All shareholders take up at least one additional shared service. <p><i>*Based on the regional benefits of collaboration (not an individual councils' benefits from collaboration).</i></p>	<ul style="list-style-type: none"> • Year-on-year increase in the value CoLAB provides to its councils. • 80%+ of council survey respondents believe those CoLAB services they received meet or exceed their expectations evidenced by an annual survey). • Year-on-year increase in the utilisation of services CoLAB provide to councils. 	



Council-Controlled Organisation	Performance targets and measures from Statement of Intent 2024-2027		
CoLAB Limited (Continued)	Strategic Goal	3 Year Objective	Annual KPI
	Deliver value by growing the scale of CoLAB's shared service function.	Expand the utilisation of CoLABs shared services by a minimum of 24 customers, by June 2027 (baseline y/e 30 June 23).	<ul style="list-style-type: none"> Year-on-year increase in the utilisation of services CoLAB provide to its councils. Year on Year increase in the number of services available to councils.
Diverse, talented and motivated people work for CoLAB.	<ul style="list-style-type: none"> Staff engagement increases by 5% by 30 June 2027. Staff turnover is less than 15%. CoLAB's vacancies are filled by suitable candidates within 3 months. (All baselined y/e 30 June 23).	<ul style="list-style-type: none"> Year-on-year increase in staff engagement. Staff turnover is less than 15%. Vacancies are filled by suitable candidates within 3 months. 	



Section 5 Policies, Summaries and Statements

Kaupapa here Kaupapa Rawa

Treasury Policy

The purpose of the Treasury Policy is to outline approved policies and procedures in respect of all treasury activity to be undertaken by Western Bay of Plenty District Council.

The formalisation of such policies and procedures will enable treasury risks within Council to be prudently managed.



1. Policy purpose

The purpose of the Treasury Policy is to outline approved policies and procedures in respect of all treasury activity to be undertaken by Western Bay of Plenty District Council (Council). The formalisation of such policies and procedures will enable treasury risks within Council to be prudently managed.

As circumstances change, the policies and procedures outlined in this policy will be modified to ensure that treasury risks within Council continue to be well managed. In addition, regular reviews will be conducted to test the existing policy against the following criteria:

- Industry “best practices” for a Council the size and type of Council.
- The risk bearing ability and tolerance levels of the underlying planning, revenue, and cost drivers.
- The effectiveness and efficiency of the Treasury Policy and treasury management function to recognise, measure, control, manage and report on WBOPDC’s financial exposure to market interest rate risks, funding risk, liquidity, investment risks, counterparty credit risks and other associated risks.
- The operation of a proactive treasury function in an environment of control and compliance.
- The robustness of the policy’s risk control limits and risk spreading mechanisms against normal and abnormal interest rate market movements and conditions.
- Assistance to Council in achieving strategic objectives relating to ratepayers.

It is intended that the policy be distributed to all personnel involved in any aspect of the Council’s financial management. In this respect, all staff must be familiar with their responsibilities under the policy.

2. General approach

2.1 Scope

- This document identifies the policies of Council in respect of treasury management activities.
- The policy has not been prepared to cover other aspects of Council’s operations, particularly, systems of internal control (excluding segregation of duties related to Treasury activities) and financial management. Other policies and procedures of Council cover these matters.
- Planning tools and mechanisms are also outside of the scope of this policy.

2.2 Objectives

The objective of this Treasury Policy is to control and manage costs and investment returns that can influence operational budgets and public equity. Specifically:

Statutory objectives

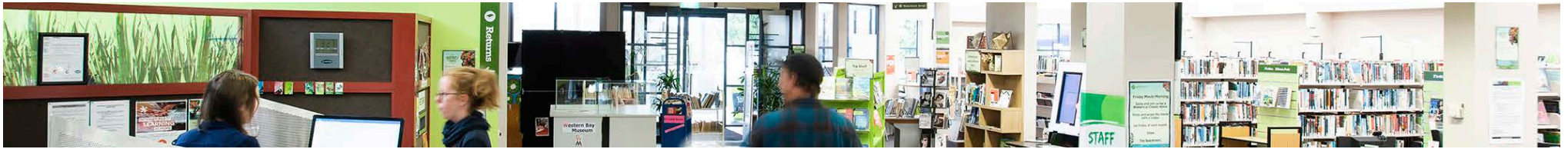
- All borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet the requirements of the Local Government Act 2002 and the Liability Management Policy and the Investment Policy.



- WBOPDC is governed by the following relevant legislation:
 - Local Government Act 2002, in particular Part 6, including sections 101, 101A, 102, 104, 105 and 113.
 - Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
 - Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence, and skill that a prudent person of business would exercise in managing the affairs of others. All projected external borrowings are to be approved by Council as part of the Annual Plan (AP) or the Long Term Plan (LTP) process, or resolution of Council before the borrowing is affected.
- All projected borrowings are to be approved by Council as part of the AP process or the LTP process or resolution of Council before the borrowing is affected
- All new legal documentation in respect to borrowing and financial instruments will be approved by Council's solicitors prior to the transaction being executed.
- Council will not enter into any borrowings denominated in a foreign currency.
- Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by the Council itself. A resolution of Council is not required for hire purchase, credit, or deferred purchase of goods if:
 - The period of indebtedness is less than 91 days (including rollovers); or
 - The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate \$500,000.
- Other - Instruments not specifically referred to in this policy may only be used with specific Council approval.

General objectives

- To manage investments to optimise returns in the long term whilst balancing risk and return considerations.
- Minimise Council's costs and risks in the management of its borrowings.
- Minimise Council's exposure to adverse interest rate movements.
- Monitor, evaluate and report on treasury performance.
- Borrow funds and transact risk management instruments within an environment of control and compliance under the Council approved Treasury Policy so as to protect Council's financial assets and costs.
- Arrange and structure long term funding for Council at the lowest achievable interest margin from debt lenders always operating within the parameters of the Treasury Policy. Optimise flexibility and spread of debt maturity within the funding risk limits established by this policy statement.
- Monitor and report on financing/borrowing covenants and ratios under the obligations of Council's lending/security arrangements.
- Comply with financial ratios and limits stated within this policy.
- Monitor Council's return on investments.



- Ensure the Council, management and relevant staff are kept abreast of the latest treasury products, methodologies, and accounting treatments through training and in-house presentations.
- Maintain appropriate liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements.
- To minimise exposure to credit risk by dealing with and investing in creditworthy counterparties.
- Ensure that all statutory requirements of a financial nature are adhered to.
- To ensure adequate internal controls exist to protect Council’s financial assets and to prevent unauthorised transactions.
- Develop and maintain relationships with financial institutions, the Local Government Funding Agency Limited (LGFA), credit rating agencies, investors and investment counterparties.

In meeting the above objectives Council is, above all, a risk averse entity and does not seek risk in its treasury activities. Interest rate risk, liquidity risk, funding risk, default or credit risk, and operational risks are all risks which the Council seeks to manage, not capitalise on. Accordingly, activity which may be construed as speculative in nature is expressly forbidden.

2.3 Policy setting and management

Council approves Policy parameters in relation to its treasury activities. The Chief Executive Officer (CEO) has overall financial management responsibility for the Council’s borrowing, investments, and related activities.

The Council exercises ongoing governance over its subsidiary companies (CCO/CCTO), through the process of approving the Constitutions, Statements of Intent, and the appointment of Directors/Trustees of these organisations.

3. Management responsibilities

3.1 Council

The Council has ultimate responsibility for ensuring that there is an effective policy for the management of its risks. In this respect the Council decides the level and nature of risks that are acceptable, given the underlying objectives of WBOPDC.

The Council is responsible for approving the Treasury Policy in accordance with public consultation obligations. While the policy can be reviewed and changes recommended by other persons, the authority to make or change policy cannot be delegated. In this respect, the Council has responsibility for:

- approving the long-term financial position of WBOPDC through the 10 year LTP and the adopted AP.
- approving new debt through the adoption of the AP, specific Council resolution and approval of this policy.
- approving the Treasury Policy incorporating the following delegated authorities
- approving budgets and high level performance reporting
- delegate authority to the Audit, Risk and Finance Committee, CEO and other officers
- ensuring effective controls over treasury management and segregation of duties controls are in place.



The Audit, Risk and Finance Committee should ensure that:

- it receives regular information from management on funding and interest rate risk exposures and the utilisation of financial instruments.
- issues raised by auditors (both internal and external) in respect of any significant weaknesses in the treasury function are resolved in a timely manner.
- submissions are received from management requesting approval for one-off transactions falling outside policy guidelines.
- it receives and review the quarterly treasury report.
- it recommends the treasury policy (or changes to existing policy) to the Council.
- it receives recommendations from the CFO and making submissions to the Council on all treasury matters requiring Council approval.
- it approves facilities and instruments as delegated by Council
- it will take recommendations from the Treasury Management Committee (TMC), which is formed by the CFO, the FM, the FA, and an independent treasury advisor. The TMC will meet monthly and discuss the management of treasury related risks the council faces.

3.2 Council consideration of Treasury matters

The Council will consider treasury matters as part of regular meeting cycles (and informally as required).

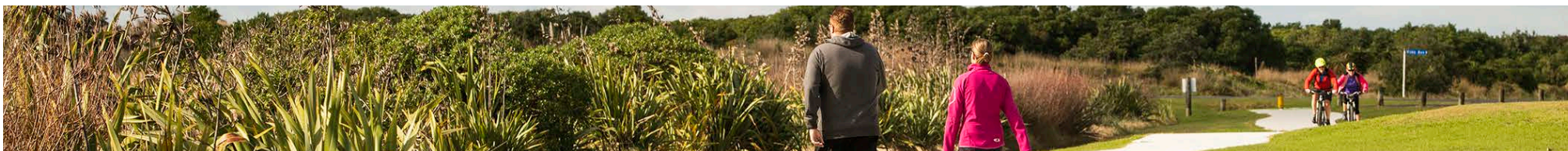
Either one of the CEO or CFO must be present, i.e. an Acting CEO and the alternative for CFO cannot act together).

3.3 Chief Executive Officer (CEO)

While the Council has final responsibility for the policy governing the management of Council's risks, it delegates overall responsibility for the day-to-day management of such risks to the CEO.

In respect of treasury management activities, the CEO's responsibilities include:

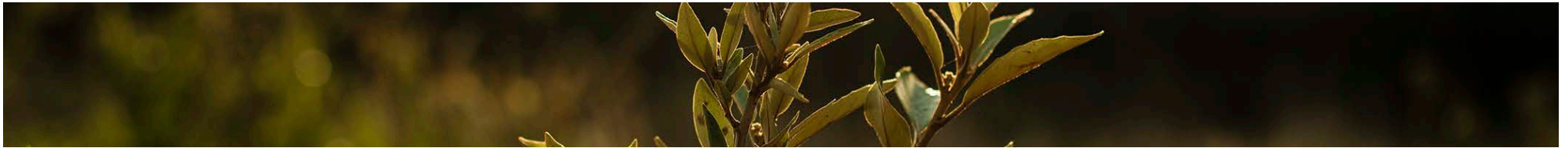
- ensuring the Treasury policies comply with existing and new legislation.
- approving the opening and closing of Council bank accounts.
- approving electronic banking signatories.
- approving new counterparties and counterparty limits.
- approving new borrowing undertaken in line with Council resolution and approved borrowing strategy.
- receiving advice of breaches of Treasury Policy and significant treasury events from the CFO, Finance Manager or Financial Analyst.
- approving treasury transactions in accordance with delegated authority.
- approving all amendments to Council records arising from checks to counterparty confirmations.
- delegating treasury operation responsibilities to management through the Treasury Management Operations Schedule.



3.4 Chief Financial Officer (CFO)

In respect of treasury management activities, the CFO's responsibilities include:

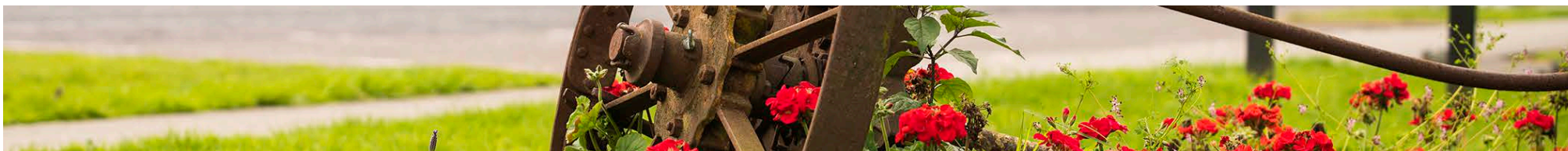
- management for borrowing, investment and cash management activities.
- recommending Policy changes to the Audit, Risk and Finance subcommittee for evaluation.
- ongoing risk assessment of borrowing and investment activity including procedures and controls.
- liaison with S&P Global Ratings ("S&P") in regard to maintaining the Council's external credit rating.
- overseeing relationships with financial institutions.
- approving new borrowing undertaken in line with Council resolution and approved borrowing strategy.
- approving re-financing of existing debt.
- authorising the use of Audit, Risk and Finance Committee approved interest rate risk management instruments within discretionary authority.
- negotiating new and maturing borrowing facilities.
- approving all amendments to the Council's records arising from checks to counterparty confirmations.
- authorising all interest rate hedging transactions with bank counterparties to change the fixed: floating mix to re-profile the Council's interest rate risk.
- proposing new funding requirements to the Audit, Risk and Finance Committee for consideration and submission to the Council.
- reviewing and making recommendations on all aspects of the Treasury Policy to the Audit, Risk and Finance Committee.
- overseeing the annual and triennial review of the Treasury Policy, treasury procedures and all dealing and counterparty limits.
- ensuring that all borrowing and financing covenants to lenders are adhered to.
- analysing the most cost-effective financing options to minimise borrowing costs.
- negotiating all new or rollover funding facilities.
- monitoring and reviewing the overall performance of the treasury function.
- monitor treasury exposure on a regular basis, including current and forecast cash position, interest rate exposures and borrowings.
- approving deal tickets for treasury transactions.
- reviewing Treasury reports to Audit, Risk and Finance Committee.



3.5 Financial Analyst (FA)

In respect of treasury management activities, the FA's responsibilities include:

- providing regular short term and long-term cash flow and debt projections to the CFO.
- negotiating treasury transactions in accordance with set limits and CFO authority.
- alongside Council's treasury advisors, reviewing the Treasury Policy annually to ensure that it aligns with Council's current situation.
- managing the operation of all bank accounts and other account features.
- monitoring all treasury exposures daily.
- managing daily cash management.
- updating treasury spreadsheets and management software for all new, re-negotiated and maturing transactions.
- monitoring borrowing and investment settlements and arranging for approval by authorised signatories.
- preparing short term cash flow forecasts.
- reconciling monthly summaries of outstanding financial contracts from banking counterparties to internal records.
- checking compliance against limits and prepare reports on an exception basis.
- monitoring credit rating of approved counterparties.
- ensuring all financial instruments are valued and accounted for correctly in accordance with current best practice standards.
- managing all administrative aspects of bank counterparty agreements and documentation such as loan agreements and swap documents.
- checking all treasury deal confirmations against deal documentation and report any irregularities immediately to the CEO. Account for all treasury transactions in accordance with legislation and generally accepted accounting principles and the Council's accounting policy.
- reviewing month end variance analysis to ensure reasonableness of borrowing and investment accounts.
- reviewing and approving borrowing and investment system and spreadsheet reconciliation to general ledger.
- delivering daily and weekly reports to the CFO covering cash/liquidity, interest rate risk position, borrowings schedule, counterparty exposure, transaction activity and performance.



3.6 Delegation of authority and authority limits

Treasury transactions entered into without the proper authority are difficult to cancel given the legal doctrine of “apparent authority”. Also, insufficient authorities for a given bank account or facility may prevent the execution of certain transactions (or at least cause unnecessary delays).

To prevent these types of situations, the following procedures must be complied with:

- All delegated authorities and signatories must be reviewed at least annually to ensure that they are still appropriate and current.
- A comprehensive letter must be sent to all bank counterparties at least annually to confirm details of all relevant current delegated authorities empowered to bind the Council.

Whenever a person with delegated authority on any account or facility leaves Council, all relevant banks and other counterparties must be advised in writing in a timely manner to ensure that no unauthorised instructions are to be accepted from such persons.

The Council has the following responsibilities, either directly itself, or via the delegated authorities detailed in appendix 1.

4. Liability management policy

The Council’s liabilities comprise borrowings and various other liabilities. Council maintains borrowings in order to:

- fund the balance sheet as a whole, including working capital requirements.
- raise specific debt associated with projects and capital expenditures.
- fund assets whose useful lives extend over several generations of ratepayers.

4.1 Debt ratios and limits

Debts will be managed within the following macro limits

Ratio	WBOPDC Max Policy Limits	LGFA Max Policy Limits
Net Debt as a percental of Total Revenue	<200%	<280%
Net Interest as a percentage of Total Revenue	<20%	<20%
Net Interest as a percentage of Annual Rates Income (debt secured under debenture)	<25%	<30%
Liquidity (external term debt + committed loan facilities + available liquid short-term financial investments to existing external debt)	>110%	>110%

- Total Revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).
- Net Debt is defined as total debt less liquid short-term financial assets and investments.



- Liquidity is defined as external term debt plus committed loan facilities plus available liquid short-term financial investments divided by existing external debt. Liquid investments are financial assets defined as being:
 - Overnight bank cash deposits.
 - Wholesale/retail bank term deposits no greater than 30 days.
 - Bank issued RCD's less than 181 days.
 - Wholesale/ retail bank term deposits linked to pre-funding of maturing term debt exposures.
- Net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.

Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Disaster recovery requirements are to be met through the liquidity ratio.

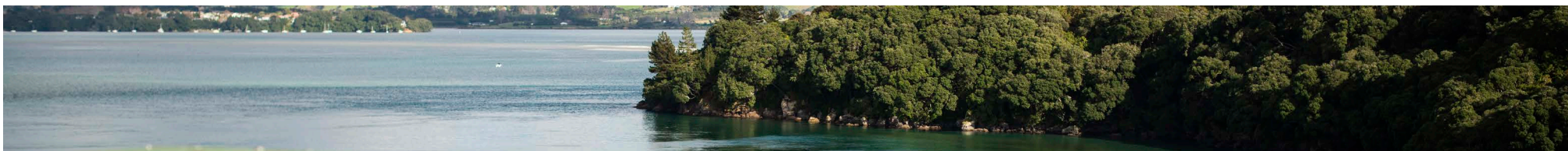
4.2 Asset management plans

In approving new debt, the Council considers the impact on its borrowing limits as well as the economic life of the asset that is being funded and its overall consistency with Council's LTP.

4.3 Borrowing mechanisms

WBOPDC is able to borrow through a variety of market mechanisms including issuing bonds, Commercial Paper (CP) and debentures, direct bank borrowing, accessing the short and long-term wholesale and retail capital markets, and the Local Government Funding Agency Limited directly or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the CFO takes into account:

- available terms from banks, LGFA, debt capital markets and bond issuance.
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue or rollover time.
- prevailing interest rates and margins relative to the term for bond issuance, LGFA, debt capital markets and bank borrowing.
- the market's outlook on future credit margin and interest rate movements as well as WBOPDC's own outlook.
- the implied finance terms and conditions within the specific debt (e.g. project finance) are evaluated in terms such as cost/tax/risk limitation compared to the terms and conditions WBOPDC could achieve in its own right.
- the legal documentation and financial covenants together with security and credit rating considerations.
- that internally funded projects have finance terms for those projects that are at similar terms to those from external borrowing.
- alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration ownership, redemption value and effective cost of funds.



Council's ability to readily attract cost effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors, LGFA, financial institutions/brokers and maintain a strong credit rating.

The Council has the ability to pre-fund up to 18 months of forecast debt requirements including re-financing. This is to enhance liquidity and to assist in maintaining its credit rating.

4.4 Security

The Council's borrowings and interest-rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. The utilisation of special funds and reserve funds and internal borrowing of special funds/reserve funds and other funds will be on an unsecured basis.

Under the Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government (Rating) Act 2002, excluding any rates collected by Council on behalf of any other local authority. The security offered by Council ranks equally or 'Pari Passu' with other lenders.

Council offers deemed rates as security for general borrowing programs. From time to time, with prior Council approval, security may be offered by providing a charge over one or more of Council's assets.

Physical assets will be charged only where:

- there is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance).
- the Council considers a charge over physical assets to be appropriate.
- the pledging of physical assets comply with the terms and conditions contained within the Debenture Trust Deed.

4.5 Debt repayment

The funds from all asset sales and operating surpluses will be applied to the reduction of debt and/or a reduction in borrowing requirements, unless the Council specifically directs that the funds will be put to another use.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

The Council will manage debt on a net portfolio basis and will only externally borrow when it is commercially prudent to do so.

4.6 Guarantees/contingent liabilities and other financial arrangements

Council may act as guarantor to financial institutions on loans or enter into incidental arrangements for organisations, clubs, trusts, or business units, when the purposes of the loan are in line with Council's strategic objectives.

Council is not allowed to guarantee loans to Council Controlled Trading Organisations under Section 62 of the Local Government Act.

Financial arrangements include advances to community organisations.

Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed. Guarantees given will not exceed an amount agreed by Council or an appropriate Council Committee in aggregate. The CFO monitors outstanding guarantees and reports to the Council quarterly.



4.7 Internal borrowing

Council uses its reserves to internally fund new capital projects. The CFO is responsible for administering the Council's internal loan portfolio. Loans are set up within the portfolio based on planned loan funded capital projects or operational expenditure as approved by Council resolution as part of the AP and LTP.

The primary objective in funding internally is to use reserves and external borrowing effectively, by establishing a portfolio that provides funding to internal activity centres. This creates operational efficiencies through not paying fees or margins and other costs associated with raising external borrowing. In addition to external borrowing the following specific reserves are used for internal borrowing purposes:

- Special Fund Reserves
- General Accumulated Reserves.

All internal borrowing activities are consistent with the principles and parameters outlined throughout the Liability Management and Investment Policies:

- Council firstly seeks to utilise internal reserve funds and if insufficient reserves are available utilises external borrowing.
- A notional internal loan is set up for all new capital or operational expenditure purposes and allocated in the internal loan portfolio to the activity centre incurring the obligation.
- Interest received is allocated into the general account and offset against general rate requirements.

For operational lending the following specific parameters apply:

- The term of the loan is limited to a maximum of one year with the loan to be fully repaid by the second anniversary of the loan.
- Interest is set based on a margin above the 90-day floating BKBM mid interest rate at the beginning of the calendar quarter. If external debt is used the weighted average cost of external borrowing plus a margin. The margin can include a credit margin and other treasury related costs.
- Interest is paid quarterly in arrears.

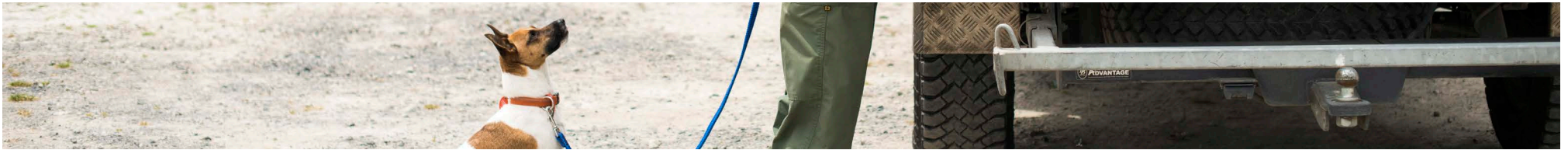
For capital lending the following specific parameters apply:

- The Council approves lending for capital purposes through the AP and LTP. These are ratified by the Council subsequent to the AP being approved.
- Interest on internally funded loans is charged annually in arrears, on year-end loan balances at the agreed three-year fixed interest rate. Except where a specific rate has been approved for particular circumstances, the three-year rate is set annually at the start of the financial year, based on the three-year swap rate plus the credit margin on three-year bonds and other related treasury costs. The margin is determined by that of the LGFA three-year credit curve for a non-credit rated non-guaranteeing Council borrower.
- If external debt is used the weighted average cost of external borrowing (including credit margin and other related costs).

4.8 New Zealand Local Government Funding Agency (LGFA)

Despite anything earlier in this Policy, the Council may borrow from the LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA. For example, Borrower Notes.
- provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- commit to contributing additional equity (or subordinated debt) to the LGFA if required.



- secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.
- subscribe for shares and uncalled capital in the LGFA.

5. Investment policy and limits

5.1 Investment policy objectives

Council is currently a net borrower and is likely to remain so for the foreseeable future. Investments are maintained to meet specified business reasons. Such reasons can be:

- for strategic purposes consistent with Council's LTP.
- to reduce the current ratepayer burden.
- the retention of vested land.
- holding short term investments for working capital and liquidity requirements.
- holding investments that are necessary to carry out Council operations consistent with Annual Plans, to implement strategic initiatives, or to support inter-generational allocations.
- provide funding through the provision of committed bank facilities in the event of a natural disaster, the use of which is intended to bridge the gap between the disaster and the reinstatement of normal income streams and assets.
- invest amounts allocated to accumulated surplus, Council created restricted reserves and general reserves.
- invest proceeds from the sale of assets.

Council recognises that as a responsible public authority all investments held should be low risk. Council also recognises that low risk investments generally mean lower returns.

In its financial investment activity, Council's primary objective is the protection of its investment capital and that a prudent approach to risk and return is always applied within the confines of this policy. Accordingly, only approved creditworthy counterparties are acceptable.

5.2 General investment policy

The Council's general policy on investments is that the Council:

- may hold financial, property, forestry, and equity investments if there are strategic, commercial, economic or other valid reasons (e.g. where it is the most appropriate way to administer a Council function).
- will keep under review its approach to all major investments and the credit rating of approved financial institutions.
- will review its policies on holding investments at least once every three years.



5.3 Acquisition of new investments

With the exception of financial investments, acquisition and management of medium to long-term investments are managed in accordance with goals, objectives and provisions of the LTP and AP's. However, the Council may from time to time deem it appropriate, in terms of prudent financial management, to modify its investment mix. Such a change would be entered into only through specific Council resolution and in compliance with the provisions of the Local Government Act 2002. The authority to acquire financial investments is delegated to the CFO and reported to Council on a quarterly basis.

5.4 Investment mix and related policies

Council may maintain investments in the following assets from time to time:

- equity investments, including investments held in CCO /CCTO and other shareholdings.
- property investments incorporating land, buildings, a portfolio of ground leases and land held for development.
- forestry investments
- financial investments
- LGFA investments
- community loans and advances.

5.4.1 Equity investments

It may be appropriate to have limited investment(s) in equity (shares) when Council wishes to invest for strategic, economic development or social reasons. Council will approve equity investments on a case-by-case basis, if and when they arise.

Generally such investments will be in (but not limited to) infrastructural companies and/or local government joint ventures (including CCTO's) to further District, or regional economic development. Council does not invest in overseas companies.

Council reviews performance of these investments as part of the annual planning process to ensure that their stated objectives are being achieved.

Any disposition of these investments if the market value exceeds \$50,000 requires approval by Council. For investments equal to or less than \$50,000, the decision is made by the CEO. Acquisition of new equity investments requires Council approval. The Council decides on the allocation of proceeds from the disposition of equity investments on a case-by-case basis.

All income, including dividends, from the Council's equity investments is included in general revenues in the Statement of Financial Performance.

Equity investments exclude those investments that are not held for strategic or economic development or social reasons.

The TMC will monitor WBOPDC's equity investments and report any significant events relative to these investments to Council on a quarterly basis.

5.4.2 Property investments

Council's overall objective is to only own property that is necessary to achieve its strategic objectives. As a general rule, Council will not maintain a property investment where it is not essential to the delivery of relevant services, and property is only retained where it relates to a primary output of Council. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. This assessment is based on the most financially viable method of achieving the delivery of Council services. Council generally follows similar assessment criteria in relation to new property investments. Council reviews the performance of its property investments on a regular basis. All income, including rentals and ground rent from property investments is included in the consolidated revenue account.



5.4.3 Forestry

Forestry assets are held as long term investments on the basis of net positive discounted cashflows, factoring in projected market prices and annual maintenance and cutting costs.

All income from forestry is included in the consolidated revenue account.

Any disposition of these investments requires Council approval. The proceeds from forestry disposition are used firstly to repay related borrowings and then included in the relevant consolidated capital account.

5.4.4 Financial investments

Financial investment objectives

Council's primary objectives when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties. Creditworthy counterparties and investment restrictions are covered in section 6.5. Credit ratings are monitored and reported quarterly to Council.

Council may invest in approved financial instruments as set out in section 6.4. These investments are aligned with Council's objective of investing in high credit quality and highly liquid assets.

Council's investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due. Council prudently manages liquid financial investments as follows:

- liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections.
- interest income from financial investments is credited to general funds, except for income from investments for special funds, reserve funds and other funds where interest may be credited to the particular fund.
- internal borrowing will be used wherever possible to avoid external borrowing.

Special funds, sinking funds, reserve and endowment funds

Liquid assets are not required to be held against special funds and reserve funds. Instead, Council will internally borrow or utilise these funds wherever possible.

Trust funds

Where Council hold funds as a trustee or manages funds for a Trust then such funds must be invested on the terms provided within the trust. If the Trusts investment policy is not specified, then this policy should apply.

5.4.5 New Zealand Local Government Funding Agency Limited investment

Despite anything earlier in this Policy, the Council may invest in shares and other financial instruments of the LGFA and may borrow to fund that investment.

The Council's objective in making any such investment will be to:

- obtain a return on the investment.
- ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.

Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.



Notwithstanding the counterparty credit risk limits (set out in Section 6.3 of this policy), Council may invest in financial instruments issued by the LGFA up to a maximum of \$15 million (i.e. borrower notes). If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA and be a Guarantor.

Proceeds from share sales will go to repay existing debt, unless Council specifically directs that the funds be put to another use.

5.4.6 Loans, advances and investments in community projects

From time to time, the Council makes loans to other parties. All loans are secured and all loan advances are reviewed as part of the annual planning process to ensure that interest and principal repayments are made in accordance with the loan agreement.

Council does not lend to CCTO's on more favourable terms than what it can achieve itself, without charging any rate or rate revenue as security.

At various times, groups within the community request loans, advances or guarantees for projects that will be of benefit to a significant proportion of the community. As these investments are with groups that the Council would not normally invest with, Council needs to debate the suitability of any loan application. During this process, Councillors pay particular regard to the ability of the applicant to service the debt and repay principal.

Council will be responsible for authorising any such loans, advances or guarantees.

Advances to charitable trusts and community do not have to be on a fully commercial basis. Where advances are made to charitable trusts and community organisations at below Councils cost of borrowing, the additional cost is treated as an annual grant to the organisation.

Council reviews performance of its loan advances on a regular basis to ensure strategic and economic objectives are being achieved. The CFO monitors loan advances monthly and reports to Council quarterly.

6. Risk management

The definition and recognition of interest rate, liquidity, funding, investment, counterparty credit, market, operational and legal risk of Council will be as detailed below and applies to both the Liability Management Policy and Investment Policy.

6.1 Interest rate risk

6.1.1 Risk recognition

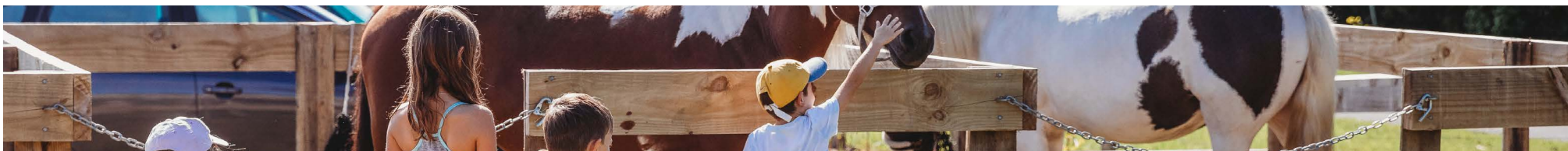
Interest rate risk is the risk that investment returns or financing costs will materially fall short of or exceed projections included in the LTP and AP due to adverse movements in market interest rates, thus adversely impacting revenue projections, cost control and capital investment decisions, returns, and feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing of investment returns or financing costs. Certainty around financing costs is to be achieved through the active management of underlying interest rate exposures.

6.1.2 Interest rate risk control limits

Exposure to interest rate risk is managed and mitigated through the risk control limits below. Council's forecast core external debt should be within the following fixed/floating interest rate risk control limit.

Core external debt is defined as gross external forecast debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to ensure compliance with the Policy minimums and maximums.



Debt Interest Rate Policy Parameters (calculated on a rolling monthly basis)		
Period	Minimum Fixed	Maximum Fixed
0 - 2 Years	40%	100%
2 - 5 Years	20%	80%
5 - 10 Years	0%	60%

“Fixed Rate” is defined as an interest rate repricing date beyond 3 months forward on a continuous rolling basis.

“Floating Rate” is defined as an interest rate repricing within 3 months.

The percentages are calculated on the rolling projected core debt level calculated by management (signed off by the CFO).

A fixed rate maturity profile that is outside the above limits, however self-correct within 90-days is not in breach of this Policy.

- Any interest rate derivatives or fixed interest rate borrowing with a maturity beyond 10 years must be approved by Council.
- Hedging outside the above risk parameters must be approved by Council.

6.2 Liquidity and funding risk

6.2.1 Risk recognition

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of cash, financial investments, loans and bank facilities. Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

The management of Council’s funding risks is important as several risk factors can arise to cause an adverse movement in borrowing margins, term availability and general flexibility including:

- Local Government risk is priced to a higher fee and margin level.
- Council’s own credit standing or financial strength as a borrower deteriorates due to financial, regulatory, or other reasons.
- A large individual lender to Council experiences financial or exposure difficulties resulting in Council not being able to manage their debt portfolio as optimally as desired.
- New Zealand investment community experiences a substantial “over supply” of Council investment assets.
- Financial market shocks from domestic or global events.

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



6.2.2 Liquidity and funding risk control limits

External term loans and committed debt facilities together with available short-term liquid investments must be maintained at an amount exceeding 110% of projected peak debt over the ensuing 12 month period.

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

Council has the ability to pre-fund up to 18 months forecast debt requirements including re-financings. Debt refinancing that has been prefunded, will remain included within the funding maturity profile until their maturity date.

The CEO has the discretionary authority to re-finance existing debt on more acceptable terms. Such action is to be reported and ratified by the Council at the earliest opportunity.

To minimise the risk of large concentrations of external debt maturing or being reissued in periods where credit margins are high for reasons within or beyond the Council's control, delegated staff ensure external debt maturities are generally spread widely over a band of maturities.

Specifically, total committed funding in respect to all external debt/loans and committed facilities is controlled by the following system:

Period	Minimum	Maximum
0 - 3 years	15%	60%
3 - 7 years	20%	85%
7 years plus	0%	60%

A funding maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, a maturity schedule outside these limits requires specific Council approval.

6.3 Foreign exchange rate risks

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

All commitments for foreign exchange greater than \$100,000 are hedged using foreign exchange contracts once the expenditure is approved. Both spot and forward foreign exchange contracts can be used by Council.

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

Council does not hold investments denominated in foreign currency.

All foreign currency hedging must be approved by the CFO.

6.4 Approved financial instruments

Dealing in interest rate products must be limited to financial instruments approved by the Council. Approved financial instruments are as follows on overleaf:



Category	Instrument
Cash management and borrowing	<p>Bank overdraft.</p> <p>Committed cash advance and bank accepted bill facilities (short term and long term loan facilities). Uncommitted money market facilities.</p> <p>Bond issuance</p> <ul style="list-style-type: none"> • Floating Rate Note (FRN) • Medium Term Note (MTN) <p>(CP / Bills / Promissory notes / Finance Leases)</p>
Investments	<p>Term bank deposits.</p> <p>Bank certificates of deposit (RCDs).</p> <p>NZ Government, LGFA, Local Authority bonds or State Owned Enterprise (SOE) bonds and FRNs (senior). Corporate bonds (senior).</p> <p>Corporate Floating Rate Notes (senior).</p> <p>Promissory notes/ CPaper (senior).</p> <p>Corporate/SOE/Other Local Authority Bonds.</p> <p>LGFA Borrower Notes.</p> <p>Bank term deposits linked to pre-funding maturing debt.</p>
Interest rate risk management	<p>Forward rate agreements (“FRAs”) on:</p> <ul style="list-style-type: none"> • Bank bills. • Government bonds. Interest rate swaps. <p>Including:</p> <ul style="list-style-type: none"> • Forward start swaps and collars. • Amortising swaps (whereby notional principal amount reduces). • Swap extensions and shortenings. <p>Interest rate options on:</p> <ul style="list-style-type: none"> • Purchased caps and one for one collars. • Fixed rate bank debt, Capital market debt including the LGFA.



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

All investment securities must be senior in ranking. The following types of investment instruments are expressly excluded:

- Structured debt where issuing entities are not a primary borrower or issuer.
- Subordinated debt (other than Borrower Notes subscribed from the LGFA), junior debt, perpetual notes and hybrid notes such as convertibles.

Interest rate options must not be sold outright. However, one for one collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate "in-the-money". Interest rate options with a maturity date beyond 3 months that have a strike rate (exercise rate) higher than 1.00% above the appropriate swap rate, cannot be counted as part of the fixed rate hedge percentage calculation.

6.5 Counterparty credit risk

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

Credit risk will be regularly reviewed by the Council. Treasury related transactions will only be entered into with organisations specifically approved by the Council.

Counterparties and limits can only be approved on the basis of long-term credit ratings (S&P Global, Fitch or Moody's) being A and above or short term rating of A-1 or above.

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

Refer to Appendix 2

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

- Investments (e.g. Bank Deposits) – Transaction Notional x Weighting 100%. (Unless a legal right of set-off over corresponding borrowings exists whereupon a 0% weighting may apply).
- Interest Rate Risk Management (e.g. swaps, FRAs) – Transaction Notional x Maturity (years) x 3%.
- Foreign Exchange – Transactional principal amount x the square root of the Maturity (years) x 15%.

Each transaction should be entered into a treasury spreadsheet or treasury system and a quarterly report prepared to show assessed counterparty actual exposure versus limits.

Individual counterparty limits are kept in a spread sheet by management and updated on a day to day basis. Credit ratings should be reviewed by the FA on an on-going basis and in the event of material credit downgrades; this should be immediately reported to the CFO and assessed against exposure limits. Counterparties exceeding limits should be reported to the Council.

Investments are normally held to maturity date. Where investments are liquidated before the legal maturity date, approval is obtained from the CEO, who also approves guidelines for a minimum acceptable sale price. The CFO evaluates quotes based on these instructions and proceeds with the transaction.



6.6 Segregation of duties

As there are a small number of people involved in the treasury activities, adequate segregation of duties among the core functions of deal execution, confirmation, settling and accounting/reporting is not always strictly achievable. Duties within the Treasury function is segregated to ensure that no one individual can carry out key functions independently and without scrutiny. This requirement will be reflected in the design of key processes. Specifically, this risk will be minimised by the following process:

- A 'two authorisations' process is strictly enforced for all funds transfers; except for the approved Treasury Delegated Authorities as stipulated in Attachment 1.
- The officer(s) responsible for negotiating the treasury management transactions (i.e. interest rate swaps, loan drawdowns etc.) is separate from officer(s) authorising the transactions.
- The officer(s) responsible for reconciliation and reporting on treasury management operations is separate from the officer(s) who authorise treasury related transactions.
- The CFO reports directly to the GM5, and indirectly to the CEO, as control over the transactional activities of the FA.
- The Financial Accountant, who indirectly reports through the Financial Manager to the CFO, has review and approval responsibility for the general ledger reconciliation's performed by the FA; and
- There is a documented approval and reporting process for borrowing, investment, interest rate and liquidity management activities.

6.7 Legal risk

Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction, usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, Council may be exposed to such risks that it is unable to enforce its rights due to deficient or inaccurate documentation.

Council will seek to minimise this risk by adopting policy regarding:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties.
- The matching of third party confirmations and the immediate follow-up of anomalies.
- The use of expert advice.

6.7.1 Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council.

Council's appointed legal counsel must sign off on all documentation for new loan borrowings, re-financings and investment structures.

6.7.2 Financial covenants and other obligations

Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements. Council must comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.



7. Reporting

7.1 Quarterly Funding and Debt Profile report

This report forms the basis for the reporting of the Council's funding and associated interest rate risk management activity and provides the elected members and management with details about the Council's borrowing activities. The report shall contain the following:

- Total debt facility utilisation, including any debt sourced from a bank, the capital markets and the LGFA.
- Interest rate maturity profile against percentage hedging limits.
- New hedging transactions completed and interest rate risk management.
- Weighted average cost of funds.
- Funding profile against the policy limits.
- Liquidity profile against the policy limits.
- Exception reporting as required.
- Summary of any unresolved exception reports.
- Statement of policy compliance.

7.2 Quarterly Investment Report

This report forms the basis for the reporting of the Council's financial market investment activities and provides the elected members and management with details about the Council's financial market investment activities. The report shall contain the following:

- Total nominal value of the investment portfolio.
- Details of individual investments.
- Asset class percentages.
- Credit rating profile.
- Maturity profile.
- Weighted average yield of the portfolio.
- Statement of policy compliance.

7.3 Benchmarking

In order to determine the success of the Council's treasury management function, the following benchmark has been prescribed.

The actual funding cost for the Council taking into consideration the entering into of interest rate risk management transactions should be below the budgeted interest cost.

When budgeting forecast interest costs, the actual physical position of existing loans and swaps must be incorporated together with all fees.

Management is granted discretion by the Council to manage debt and interest rate risk within specified limits of this policy, the actual funding rate achieved must be compared against an appropriate external benchmark interest rate that assumes a risk neutral position within existing policy.



7.1 In this respect, a risk neutral position is always precisely at the mid-point of the minimum and maximum percentage control limits specified within the policy. Given current fixed/floating risk control limits and fixed rate maturity profile limits as defined in this policy, the market benchmark (composite) indicator rate will be calculated as follows:

- 30% Average 90 day bill rate for reporting month.
- 10% 2 year swap rate at end of reporting month.
- 10% 2 year swap rate, 2 year ago.
- 10% 5 year swap rate at end of reporting month.
- 10% 5 year swap rate, 5 years ago.
- 15% 10 year swap rate at end of reporting month.
- 15% 10 year swap rate, 10 years ago.

The actual reporting benchmark is the 12-month rolling average of the monthly calculated benchmarks using the above parameters. This is compared to the actual cost of funds, excluding all credit margins and fees.

8. Policy review

This Treasury Policy is to be formally reviewed on a triennial basis.

The CEO and CFO have the responsibility to prepare a review report that is presented to the Council or Council sub-committee. The report will include:

- Recommendations as to changes, deletions and additions to the policy.
- An overview of the treasury management function in achieving the stated treasury objectives, including performance trends in actual interest cost against budget (multi-year comparisons).
- A summary of breaches of policy and one-off approvals outside policy to highlight areas of policy tension.
- An analysis of bank and lender service provision, share of financial instrument transactions etc.
- Comments and recommendations from Council's external auditors on the treasury function, particularly internal controls, accounting treatment and reporting.
- An annual audit of the treasury spreadsheets and procedures should be undertaken.
- Total net debt servicing costs and debt should not exceed limits specified in the covenants of lenders to Council.

The Council receives the report, approves policy changes and/or reject recommendations for policy changes.

Appendix 1 - Delegated Authorities

All management delegated limits are authorised by the CEO.

Activity	Delegated Authority	Limit
Approving and changing Policy	The Council	Unlimited
Borrowing new debt	The Council	Unlimited (subject to legislative and other regulatory limitations)
Acquisition and disposition of investments other than financial investments	The Council	Unlimited
Approval for charging assets as security over borrowing	The Council	Unlimited
Approving transactions outside policy	The Council	Unlimited
Appoint Debenture Trustee	The Council	N/A
Approving new debt and/or new facilities - approved AP/LTP	CEO (delegated by Council)	Per Council-approved AP/LTP
Arranging new debt as set out in Council - approved AP/LTP	CFO (delegated by Council)	Per Council - approved AP/LTP
Authorizing list of signatories	CEO (delegated by Council)	Unlimited
Opening/closing bank accounts	CEO (delegated by Council)	Unlimited
Overall day-to-day risk management	CEO (delegated by Council) CFO (delegated by Council) FM (delegated by Council) FA (delegated by Council)	Overall day-to-day risk management
Re-financing existing debt	CEO (delegated by Council) CFO (delegated by Council)	Re-financing existing debt
Adjust net debt or net investment interest rate risk profile	CEO (delegated by Council) CFO (delegated by Council) FM (delegated by Council)	Per risk control limits
Managing funding and investment maturities in accordance with Council approved risk control limits	CEO (delegated by Council) CFO (delegated by Council) FM (delegated by Council)	Per risk control limits
Maximum daily transaction amount (borrowing, investing, interest rate risk management and cash management) excludes roll-overs on floating rate investments and interest rate roll-overs on swaps	The Council CEO (delegated by Council) GM5 (delegated by Council) CFO (delegated by Council) FM (delegated by Council)	Unlimited \$20 million \$15 million \$15 million \$5 million
Triennial review of policy	CFO FM FA	N/A
Ensuring compliance with policy	CEO CFO FM FA	N/A

Appendix 2

Authorised Asset Classes	Overall Portfolio Limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ Dollars)	Credit Rating Criteria - S&P Global (or Moody's or Fitch equivalents)	Limit for each issuers=
New Zealand Government	100%	Government Stock/Treasury Bills	Not applicable	Unlimited
Supranationals	50%	Bonds/MTNs/FRNs	AAA	Maximum of \$10 million
New Zealand Registered Banks	100%	Call/Deposits/Bank Bills/Commercial Paper Bonds/MTNs/FRNs	Short term S&P rating of A-1+	Maximum of \$35 million
			Short term S&P rating of A-1	Maximum of \$10 million
			Short term S&P rating of A+ or better	Maximum of \$10 million
Rated Local Authorities ("RLA")	50%	Commercial Paper/ Bonds/MTNs/FRNs	Minimum short term S&P rating of A-1	Maximum of \$10 million
			Minimum short term S&P rating of A+	
State Owned Enterprises ("SoE")	50%	Commercial Paper/ Bonds/MTNs/FRNs	Short term S&P rating of A-1+ or long term rating of A+ or better	Maximum of \$10 million
			Short term S&P rating of A-1 or long term rating of BBB to A	Maximum of \$5 million
Corporates	30%	Commercial Paper/ Bonds/MTNs/FRNs	Short term S&P rating of A-1+ or long term rating of A+ or better	Maximum of \$7 million
			Short term S&P rating of A-1 or long term rating of BBB to A	Maximum of \$3 million
Financials	30%	Commercial Paper/ Bonds/MTNs/FRNs	Short term S&P rating of A-1+ or long term rating of A+ or better	Maximum of \$5 million
			Short term S&P rating of A-1 or long term rating of BBB to A	Maximum of \$2 million

The combined holdings of each entities rated BBB to A shall not exceed \$10 million.

The combined holdings of corporates and financials shall not exceed \$10 million.

Glossary

Asset Management Plan

A plan which sets out all the asset management actions and costs required to maintain, renew and/or add to an asset, or combination of assets, to achieve an agreed level of service.

Community Boards

Community Boards are constituted under the Local Government Act 2002 (Section 49) to:

- Represent and act as an advocate for the interests of its community; and
- Consider and report on all matters referred to it by the territorial authority or any matter of interest or concern to the Community Board; and
- Maintain an overview of services provided by the territorial authority within the community; and
- Prepare an annual submission to the territorial authority for expenditure within the community; and
- Communicate with community organisations and special interest groups within the community; and
- Undertake any other responsibilities that are delegated to it by the territorial authority.

Community Development

Community Development describes processes and activities that build capacity within communities to enable people to take control of their lives.

Community Development Plan

A strategic plan that sets out for a particular geographical community, matters relating to that community's future.

The plans include a profile of environment, social, cultural, economic and infrastructural matters, all Council plans and programmes and may include other matters identified by that community.

Each plan is developed by the community and other organisations and agencies that have planning or service delivery roles within that community. Implementation of the plan is shared between Council, the community and other participating organisations.

Community Outcomes

Key statements describing the Community's vision for the future of the District.

Concept Plans

Concept plans graphically illustrate the proposed development on a particular reserve.

Council Outcomes

Council Outcomes describe what Council wants to achieve for a group of activities in the long term.

Council's Roles

Council has determined the role it will take in achieving a particular strategy. Council's roles are defined as:

Lead agency	Council is the principal decision-making authority.
Partner	Council will fund and carry out activities in formal partnership (including contracts with other agencies).
Advocate	Council will promote the interests of the community to other decision-making authorities.
Facilitator	Council will encourage others to be involved by bringing together interested parties.
Research and Monitoring	Council will undertake research and monitoring in order to promote informed decision-making.

District Plan

Required by the Resource Management Act 1991. Provides mechanisms to enable the sustainable management of the District's natural and physical resources.

Funding Sources

General rate - this consists of:

- A rate in the dollar charged on capital value; and
- A Uniform Annual General Charge (UAGC), which is a flat amount levied on each rating unit.

The General Rate is used to fund the day-to day operations of Council and activities that are considered to be mainly for public benefit.

Roading Rate - this consists of:

- A rate in the dollar charged on land value
- The roading charge, which is a flat amount levied on each rating unit
- The rural works charge, which is a fixed amount on every rural zoned property in the District.

The Roothing Rate is used to fund the building and maintenance of the property network within the District.

Targeted Rate - this consists of:

Council uses targeted rates to collect funds over areas of benefit. This rating tool is chosen where the services are specific to a particular community or area within the District and it is not considered fair to charge all ratepayers e.g. charges for water, wastewater and town centre promotion.

Details of the specific targeted rates that apply to your property can be found in the Funding Impact Statements

Infrastructure

The physical structures required to supply services to the community for example water supply network.

Local Government

Means a Regional Council or territorial authority. Section 10 of the Local Government Act 2002 defines the purposes of local government as:

- To enable democratic local decision-making and action by and on behalf of communities; and
- To promote the social, economic, environmental and cultural wellbeing of communities, in the present and for the future.

Local Government Funding Agency Limited (LGFA)

The Local Government Funding Agency (LGFA) is a council-controlled trading organisation.

The LGFA raises debt funding either domestically and/or offshore and provides debt funding to New Zealand local authorities in New Zealand dollars. Western Bay of Plenty District Council is a principal shareholder in the LGFA. The LGFA will operate with the primary objective of optimising the debt funding items and conditions for participating local authorities.

Long Term Plan (LTP)

A 10-year plan prepared under Section 93 of the Local Government Act 2002. The purpose of the Long Term Plan is to:

- a Describe the activities of Council.
- b Describe the community outcomes of the District.
- c Provide integrated decision-making, co-ordination of resources and a long-term focus for the decisions and activities of Council.
- d Provide a basis for accountability of Council to the community.
- e Provide an opportunity for participation by the public in decision making processes undertaken by Council.

Planning

Formulating or organising a way by which something is to be done, e.g.:

Strategic Planning	Formulating a way by which actions are to be identified, co-ordinated and resourced over an extended period of time in order to achieve a desired outcome.
Financial Planning	Formulating a way to fund actions.
Resource Management Planning	Formulating a way to manage environmental effects of activities and development in accordance with the Resource Management Act 1991.
Annual Planning	Formulating a way by which actions for the forthcoming year are identified, prioritised and resourced

Reserve Management Plans

Reserve Management Plans are required by the Reserves Management Act 1977 and prepared for each ward. They combine the recreational vision for the ward with the generic and specific policies for each reserve within the ward. Where appropriate, concept plans are prepared in conjunction with the Reserve Management Plan.

Strategic Areas

The Strategic Areas identify the four Key Response Areas setting out how Council will contribute to achieving the Community Outcomes.

Strategies

The Strategies outline how Council will achieve the Council Outcomes. These Strategies trigger specific actions.

Structure Plan

Structure plans define for each community where infrastructure will be organised over time.

Sub-region

Area covered by Western Bay of Plenty District and Tauranga City.

Sustainable Development

Sustainable development means meeting the needs of the present, without compromising the ability of future generations to meet their own needs. It means developing economies and lifestyles which improve people's quality of life, within the carrying capacity of the life support systems of human societies. It is closely related to the Māori values of 'kaitiakitanga - stewardship.

Sustainable Management

Sustainable management is defined by Section 5(2) of the Resource Management Act 1991 as managing the use, development and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic and cultural wellbeing and for their health and safety while:

- a Sustaining the potential of natural and physical resources (excluding minerals) to meet the

reasonably foreseeable needs of future generations; and

- b Safeguarding the life-supporting capacity of air, water, soil and eco-systems; and
- c Avoiding, remedying or mitigating any adverse effects of activities on the environment.

Ward

Every territorial authority may be divided into wards for electoral purposes (Section 3 Local Government Act 2002). The Local Government Commission determines the numbers and boundaries of wards. The Western Bay of Plenty District is divided into three wards:

- Katikati/Waihī Beach Ward
- Kaimai Ward
- Maketu/Te Puke Ward.



Section 5 Policies, Summaries and Statements

Ripoata o te Kaiarotake

Auditors Report

