

Accounting Policies

These can be found on pages 148-153.

Revenue and Financing Policy

The Local Government Act 2002 (LGA), Section 102(4)(a), requires that a Revenue and Financing Policy be adopted and that this be included in full in the Long Term Council Community Plan to go through special consultative procedures. Sections 103 and 101(3) establish the content required of the policy.

The Council sources funding to cover all the activities that it is providing for its communities.

The sources of funding are:

- Subsidies and grants
- Donations and sponsorship
- User charges
- Reserves (including prior year surpluses) and trust funds
- Loans
- Rates

Council's revenue and financing policy sets out the broad guidelines for establishing the funding of activities. In some instances minor income sources are not considered significant in establishing the guidelines and have not been stated as sources. In other instances there may be some deviation from the policy and the reasons for these are given separately in the activity.

The actual achievement of the policy is affected by real events and variances of greater than 5% is considered significant and is the variances are reported.

Operating Expenses

The Council's policies and practices as regards the funding of its operating expenses are set to ensure that these comply with applicable legislation and generally accepted accounting practice.

In general terms it will use a mix of revenue sources to meet operating expenses, with major sources being general rates, dividends, subsidies and fees and charges. However revenue from targeted rates is applied to specific activities.

Funding of Depreciation

Most depreciation is funded from income sources. This creates cash reserves that are used for the renewal of the assets being depreciated. As the assets have not always been funded in this way compounding interest is adding to the cash reserves faster than inflation and will help Council meet the renewal requirements.

Over the ten years the reserves are building but if unexpected renewals are required in excess of the depreciation reserves for the type of asset (e.g. water reserves) then loan funding or other funding alternatives may be used.

In some instances Council has identified that funding of depreciation is not necessary. In particular:

- Land Transport NZ will fund their share of renewal costs in the year that the renewals occur. It is not necessary for Council to fund their share.
- Some low use buildings are unlikely to be replaced and depreciation is not funded. These buildings are however being maintained.
- Where the reserves are building, some funds are being used to repay loans on developments. This is being phased out in the Plan so the reserves are going to be available for future renewals.
- Internal Borrowing from the reserve is permitted and the reserves will be reimbursed with external debt should the funds become required for unexpected renewals.

Council's Approach to Funding Operating Expenses

The following sources of revenue are applied to the Council's activities:

Operational Funding

Activities	UAGC	General Rate (On Land Value)	Targeted Rates	Targeted Rates	Targeted Rates (On Land Value)	Subsidies	Fees & Charges	Dividends, Subventions & Interest	Utilise Prior Year Surpluses
	Uniform ¹	Rate in \$	Uniform ¹	Targeted Rates	Rate in \$				
Animal Control	✓	✓					✓	✓	
Cemeteries	✓	✓				✓	✓	✓	
Commercial Property ²							✓	✓	
Community Buildings	✓	✓					✓	✓	
Community Support	✓	✓						✓	
Economic Development	✓	✓				✓		✓	
Emergency Management									
Civil Defence	✓	✓				✓		✓	
Rural Fire Protection			✓		✓	✓	✓		
Footpaths	✓	✓			✓			✓	
Health & Safety	✓	✓					✓	✓	
Housing	✓	✓					✓	✓	
Library	✓	✓					✓	✓	
Parks and Reserves ⁴	✓	✓					✓	✓	
Public Conveniences	✓	✓						✓	
Representation	✓	✓					✓	✓	
Resource Management	✓	✓					✓	✓	
Roading			✓		✓	✓	✓		✓
Service Centres	✓	✓					✓	✓	
Sewerage	✓	✓		✓			✓	✓	✓
Solid Waste Management:									
Waste Disposal	✓	✓					3	✓	
Refuse Collection					✓		✓		

Activities	UAGC Uniform ¹	General Rate (On Land Value) Rate in \$	Targeted Rates Uniform ¹	Targeted Rates	Targeted Rates (On Land Value) Rate in \$	Subsidies	Fees & Charges	Dividends, Subventions & Interest	Utilise Prior Year Surpluses
Stormwater Drainage			✓						
Swimming Pools	✓	✓					³	✓	
Tararua i-SITE	✓	✓					✓	✓	
Water Supplies				✓			✓		

¹ Rates included in 30% Maximum Cap Calculation per Section 21 Local Government Rating Act.

² Commercial Property generates surpluses that offset the Uniform Annual General Charge (UAGC) and General Rate.

³ Contractors are able to charge fees and retain the funding to offset their costs.

⁴ Parks and Reserves exclude the self-funding function of Domain Boards which derive miscellaneous income for their funding.

Operating Costs do not utilise the following sources of funds:

- borrowing
- proceeds from asset sales
- development or financial contributions

Council's Approach to Funding Capital Expenses

The following sources of revenue are applied to the Council's activities:

Capital Funding

Activities	Loans Raised	Transfer from Reserves	Transfer Loan Repayments from Reserves	UAGC Uniform*	General Rate (On Land Value) Rate in \$	Targeted Rates	Targeted Rates (On Land Value) Rate in \$	Subsidies	Fees & Charges
Animal Control	✓	✓		✓	✓				
Cemeteries	✓	✓		✓	✓				
Commercial Property	✓	✓							✓
Community Buildings	✓	✓	✓	✓	✓				
Community Support	✓	✓		✓	✓				
Economic Development	✓	✓		✓	✓				
Emergency Management	✓	✓		✓	✓				
Footpaths	✓	✓	✓	✓	✓	✓			
Health & Safety	✓	✓		✓	✓				
Housing	✓	✓							
Library	✓	✓		✓	✓				
Parks and Reserves	✓	✓	✓	✓	✓				
Public Conveniences	✓	✓		✓	✓				
Representation	✓	✓		✓	✓				
Resource Management	✓	✓		✓	✓				
Roading	✓	✓				✓	✓	✓	✓
Service Centres	✓	✓		✓	✓				
Sewerage	✓	✓				✓		✓	✓
Solid Waste Management	✓	✓	✓			✓			✓
Stormwater Drainage	✓	✓	✓			✓			✓
Swimming Pools	✓	✓		✓	✓				
Tararua i-SITE	✓	✓		✓	✓				
Water Supplies	✓	✓	✓			✓		✓	✓

Financial Strategy

Council has a number of features that are key to its financial well being.

- A large number and cost of assets.
- A small population base
 - These increase the risk of asset ownership with the need to repair, maintain, renew and develop those assets for the changing needs of the District.
- Geographically spread assets (e.g. Roads). This restricts access to users of some services and increases operational and capital costs of providing the services.
- Services are duplicated according to the towns. This reduces the economies of scale that major centres achieve. (E.g. particularly Water, Sewerage & Solid Waste Management). As a result costs are often higher for the same service than in cities, or services are not as "all encompassing" as in cities.
- Long life assets– up to 100 years, but most are over halfway through their useful lives. Funding for their future replacement is a fundamental issue for Council to ensure continuity of service.
- Council business dominated by Rooding. Council is reliant on Land Transport NZ subsidies and is particularly affected by construction prices. Increasing oil prices and/or lowering NZ dollar strongly influences Council's costs. The medium to long term view of oil prices is not promising with more competition for energy, higher energy production costs and adverse environmental impacts of non renewable sources.
- Expectations for improved services are high from both the Public and Government. For this reason the Community Plan shows a large Capital Developments programme.
- Council intends to maintain prudent debt level for both current and future ratepayers.

Strategies being employed to address these issues are:

- Subsidies will always be sought where available to both operational and capital expenditure. Council advocates Government funding for initiatives of Government in the areas of roading, water and sewerage.
- Depreciation is being funded to pay for current and future renewals. Some buildings are not being funded because Council does not intend to replace them.
- Using debt for major developments to allow their funding to be spread.
- Using Council's cash reserves to pay for some developments as internal borrowings instead of raising external debt. The reserves are funded to be repaid and reimbursed for interest earnings. The net effect is a lower cost of debt to ratepayers through interest savings.

- The Council cost of development projects that cost less than \$50,000 or that are regular on an annual basis are rate funded
- Fees & Charges and Investment income (interest dividends & subventions) are allocated to offset general rates. This means those activities funded through the uniform annual general charge and general differential rates enjoy a benefit with a contribution from these sources to both the operational and capital costs of each activity.

Capital Developments

Capital developments are funded (in decreasing priority) from subsidies, user contributions, reserves or trust funds (where appropriate), and loans. In roading some ongoing capital developments are funded from subsidies and rates.

Capital Renewals

Capital renewals are funded (in decreasing priority) from subsidies, depreciation or other reserves. Loans may also be used where subsidies and reserves are insufficient and to do so supports the principle of intergenerational equity. Rates may also be used where subsidies and reserves are insufficient and the nature of the cost is substantial and recurring annually.

Savings

Savings are placed into reserves which are funded from past surpluses, realisation of assets or by rates. Trust funds are normally bequeathed to Council "in trust". Reserves and Trust funds (savings) may be used to fund activities where appropriate to the purpose of the reserves.

Intergenerational Equity

Intergenerational equity is:

"The principle that the costs of any expenditure should be recovered at the time that benefits of that expenditure accrue".

Essentially this principle is concerned with the spreading of costs across time and in proportion to the benefits that are used during each segment of that time.

Intergenerational equity ensures that the ratepayer is not required to meet any costs until the benefits associated with those costs are enjoyed.

Intergenerational equity is of special importance when one is dealing with major capital investments in the infrastructure of the community

The construction of a sewerage system for example would have significant costs associated with its construction, but the benefits that would accrue to the community using it would be spread

over many years. The concept of intergenerational equity would be to ensure that each year the community only paid for the costs associated with the benefits received during that year.

On this basis the ratepayer would face two separate costs that can be associated with the sewerage system investment. One would be the operating costs associated with running the sewerage system and this would include the cost of capital (i.e. interest) and secondly the actual decline in service potential of the system over the year.

It is acknowledged that borrowing money has a cost in itself, but the appropriate use of debt to spread the burdens on to future generations also has benefits because current ratepayers will have either lower rates or higher levels of service at current rate levels.

Debt can come from external sources or internal borrowings from Council reserves. It is prudent to utilise reserves while they are not required, instead of raising new debt. New debt can be established when the reserves are required. Otherwise the situation exists where interest is earned on reserve funds and at the same time interest is paid on debt. Usually the interest rate on external debt is more than that paid on Reserves. Borrowing internally ensures that net interest costs are minimised.

This will become increasingly important as reserves increase to meet Asset Management Plan requirements, depreciation funding and loan repayment funding. Approved Treasury Policies govern the use of reserves in this manner.

Council has recognised an intergenerational equity issue in several of the activities in its operation.

Council will undertake the prudent use of loan funding for major infrastructural assets within the parameters set by the Liability Management Policy.

In reaching this conclusion the Council noted that benefits would accrue to communities who used debt to spread costs because more money would be in the ratepayers pockets until needed and ratepayers in the District for a short period of time would pay only the actual amount that they were benefiting from services being supplied.

Funding by Activity

Council has considered the following matters in determining the funding sources for each activity:

- the community outcomes to which each activity primarily contributes; and
- the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
- the period in or over which those benefits are expected to occur; and
- the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; 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 social, economic, environmental, and cultural well being of the community.

Council follows a three-step decision-making process in setting funding for activities. In brief these three steps are:

Step One

Allocating theoretical costs of activities based on the economic principles of intergenerational equity, public good theory, beneficiary (or user) pays, and exacerbator (or polluter) pays.

Step Two

The theoretical costs allocated in Step One are then modified by considering:

- Ratepayer and resident interests
- Fairness and equity
- Council policies
- Transitional impacts

Step Three

Finally the actual funding mechanisms are determined in a way that achieves the allocations decided at Step Two, after taking account of

- Practicality
- Costs vs efficiency
- Separate vs single mechanisms
- Transparency

A standardised template is used in the process, ensuring a consistent approach is taken.

General principles used in the three-step process are:

1. Where the benefit accrues to the whole district general rates will be used.
2. Where benefits accrue to certain groups within the district, differentials or targeted rates will be used.
3. User pays is a legitimate funding method if the benefit to individuals is greater than the benefit to the community.

4. User pays is also recognised as a tool to achieve Council's goals e.g. charging for refuse collection to encourage waste minimisation.
5. In some cases e.g. water, targeted rates are used as a surrogate for user charges as Council considers this to be a more efficient and effective method of funding than individual user charges.
6. Rates are primarily a tax. While effort is made to link payment of rates to benefits received or costs generated it is not possible to do this on an individual ratepayer basis.

7. Subsidy from central government recognises that some services, e.g. roading, form part of a national infrastructure and only central government can levy user charges.
8. Uniform Annual General Charge (UAGC) recognises that most services are available to all properties regardless of value and that all properties should contribute a reasonable amount to the running of the district.

The following table summarises the funding for each activity:

Activities	% Subsidy	% User Charges	% Rates		% Rates	% Rates
			General Charge	General Differentials	Targeted Rate	Uniform Targeted Rate
Animal Control		93	7			
Cemeteries		25	75			
Commercial Property		105				
Community Buildings		10	90			
Community Support			100			
Economic Development			100			
Emergency Management						
Civil Defence	11		89			
Rural Fire ⁽¹⁾				100		
Footpaths						
General			15	85		
Footpath Special Development Loan Rates					100	
Health & Safety						
Building Control		90	10			
Health Control ⁽²⁾		46	54			
Inspection & Licensing		30	70			
Housing		125				
Library		15	85			
Local Government Representation			100			

Activities	% Subsidy	% User Charges	% Rates		% Rates	% Rates
			General Charge	General Differentials	Targeted Rate	Uniform Targeted Rate
Public Conveniences			100			
Parks & Reserves						
Parks & Recreation Grounds (excluding Domain Boards)		15	85			
Camping Grounds			100			
Resource Management		25	75			
Roading						
General	65				35	
Pahiatua Track Special Development Loan Rates					100	
Service Centres			100			
Sewerage		6	9		85	
Solid Waste Management						
Refuse Collection ⁽³⁾		50		50		
Waste Disposal		60	40			
Stormwater/Drainage						100
Swimming Pools			100			
Tararua i-SITE		10	90			
Water Supplies						
Urban		35				65
Pongaroa					100	

Notes (refer table above)

- A ⁽¹⁾ Rural Fire Protection is split 92% to the rural differential and 8% to the urban differential.
- ⁽²⁾ Most of the charges are legislated by Central Government. This prevents the Council from recovering any greater share of the costs from users.
- ⁽³⁾ Refuse Collection is split 19% to the rural differential and 81% to the urban differential. Solid Waste Disposal is funded through General Rates.
- B Reserve funds may be offset against funding requirements where appropriate.
- C Pongaroa Rural Water Supplies are additional local activities funded by separate Uniform Annual Charges.

Rating

The resulting mix of general and targeted rates, user charges and other funding sources is covered in the sections above relating to operating and capital expenditure and the section on the rating system following. The actual amounts that result from the application of these various policies and practices are shown elsewhere in this document under the significant activity pages.

The Rating System

1. Activity Outcome

- 1.1. To provide a system of collecting rates and charges on rateable property throughout the district.

2. Guiding Principles

- 2.1. That the rating system be based on property information including values and or user classifications provided by the contracted rating valuation service providers.
- 2.2. That land value be the predominant base on which rates are set.
- 2.3. That rates and charges be set to fund activities across the whole of the district.
- 2.4. That user charges be applied wherever possible in order to come close to realising a concept of user pays.
- 2.5. That the system be transparent; so that it can be seen to what the ratepayers money is being spent; and accountable so that revenue collected for one purpose or activity is not spent on another purpose or activity.

3. Legislative Framework

- 3.1. Council undertakes rating under the following legislation and related amendments:-

Local Government Act 2002

Local Government (Rating) Act 2002

4. Rating Base

- 4.1. The rating base will be the database determined by the contracted rating service provider. Because this database is constantly changing due to change of ownership, subdivision, regular revaluations, change of status from rateable to non-rateable (and reverse), the rating base is not described in detail in this policy but annual attachments to the policy will describe the rating base for each rating year as and when it is determined.

- 4.2. The annual plan contains details of the rating base through summaries on a ward basis of rateable land value, rateable capital value, rateable area, number of rating assessments, number of assessments for uniform annual general charges and similar charges and policies covering collection of these.

5. Rates Arrears Collection

- 5.1. After penalty has been applied, ratepayers with unpaid rates and for which no arrangements have been made are written to requiring payment within 14 days.
- 5.2. Property titles are searched of those who do not respond to the letter.
- 5.3. Where mortgagees are disclosed on title searches, demands are made of the mortgagees for settlement of the arrears.
- 5.4. If Council is unable to enforce collection by way of making a demand of the mortgagee it should then, if the property is rented, require the occupier to pay the rent to the Council for credit of the ratepayer, or otherwise hand the account to Council's Solicitors for collection.
- 5.5. Where the Council Solicitor advises that the rates are not collectable, the individual recommendations with a view to undertaking a sale of the property under the provisions of the Local Government (Rating) Act 2002 or other appropriate action will be submitted for Council consideration.

6. Utility Charges for Non-Rateable Properties

Non-rateable properties are liable for targeted rates and charges for the provision of utility services, such as water and sewerage.

7. Inspection of Rating Information Database or Rates Records

The Local Government (Rating) Act 2002 set out the right of ratepayers to inspect data on the rating information database (section 28) and the rates records (section 38).

8. Objection on Rating Information Database or Rates Records

The Local Government (Rating) Act 2002 set out the right of ratepayers to object to data on the rating information database (section 29) and the rates records (section 39).

Ratepayers must make objections in writing and address them to Tararua District Council. It is at the sole discretion of the Council to uphold or decline changes to either the Rating Information Database or Rating Records.

Liability Management Policies

Application

These policies apply to Council and its business unit. They do not apply to Council-controlled organisations or Trusts.

Effective Date

These policies are effective from 1 July 2006.

Review Date

This policy is to be reviewed annually for input into the Long Term Council Community Plan and the annual plan.

Treasury Borrowings

Council maintains Treasury borrowings to:

- raise specific debt associated with projects and capital expenditures
- raise finance leases for fixed asset purchases
- fund assets whose useful lives extend over several generations of stakeholders

Council does not anticipate using short-term overdraft facilities for day-to-day liquidity.

Procedures for Borrowing

Under this policy Council may borrow money or enter into an incidental arrangement in accordance with a resolution passed by Council in a public meeting stating:

- Its purpose
- The nature of any security
- Its terms and conditions
- Any delegations for the terms and conditions, and security if not stated.

In evaluating new borrowings (in relation to source, term, size and pricing) the Manager Financial Services will take into account the following:

- The size and the economic life of the project.
- The impact of the new debt on the borrowing limits.
- Relevant margins under each borrowing source.
- Council's overall debt maturity profile to ensure concentration of debt is avoided at reissue/rollover time.
- Prevailing interest rates relative to term for both stock issuance and bank borrowing and management's view of future interest rate movements.
- Available term from bank and stock issuance.
- Ensuring that the implied finance terms within the specific debt (e.g. project finance) are at least as favourable as Council could achieve in its own right.
- Legal documentation and financial covenants.

Specific Liability Management Policies

Section 113 of the Local Government Act 2002 prohibits borrowing and other related incidental arrangements in foreign currency. This minimises the direct risks of foreign exchange movements to Council for borrowing.

1. Interest Rate Exposure

1.1 Maturity Profile

Interest rate risk will be managed through diversifying the maturity profile of long-term debt. A flat maturity profile minimises the council's exposure to the particular set of interest rates that might prevail at any one time. The possibility of extreme gains and losses is avoided in favour of a long-run interest cost.

A broad policy will allow:

- for a range of market circumstances
- recognition that the cost of raising or refinancing small amounts of debt to achieve a flat maturity profile may become excessive.

All stock should be issued by a tender process unless prior approval from the Manager Financial Services is granted.

Marketable wholesale parcels are to be issued wherever possible.

Liability Management Policy 1.1 – Maturity Profile

The total amount of debt should, in so far as it is possible and practical, be spread evenly across the range of possible maturity dates.

1.2 Fixed versus Variable Interest Rates

The definition of fixed rate debt is any debt that has no interest re-setting (re-pricing) within twelve months. The definition of floating rate debt is any debt that has an interest rate resetting (re-pricing) within twelve months.

In order to provide a structure to optimise movements in interest rates an appropriate mix of fixed and floating rate debt is required. The mix must be based on the Council's perception of future interest rate trends. If interest rates are declining then it may be appropriate to have a high proportion of debt placed at a floating rate. This allows maturing debt to be refinanced at lower interest rates. If interest rates are likely to rise then it may be appropriate to capture the set interest rate available at that time.

However there is a bias towards fixed interest rates as these provide more certainty of costs for funding purposes and can often be at a lower rate than variable interest rates.

The following limits are set to provide an appropriate mechanism for the mix of floating and fixed interest rate debt.

Liability Management Policy 1.2 – Fixed versus Variable Interest Rates

Variable/floating interest rate debt: no greater than 50% of external debt.

1.3 Refinancing Debt

If current interest rates are substantially lower than those currently paid then it may be appropriate to refinance. Refinancing costs must also be taken into account.

Liability Management Policy 1.3 – Refinancing Debt

In respect of existing borrowing, the Council will review as appropriate, currently available costs of borrowing to see if significant savings are possible.

1.4 Hedging

If properly advised the use of hedges to offset risk may be to the Council's advantage.

The use of hedging techniques which include forward rate agreements, swaps, future markets and options, are only permissible upon specific approval of Council.

Liability Management Policy 1.4 – Hedging

Hedging is permissible. Before hedging an exposure, Council must obtain assurances from independent expert advisors and ensure that:

- Hedging does not increase overall risk.
- The cost of hedging is justified.

2. Liquidity

Council's ability to readily attract cost effective borrowing is largely driven by its ability to maintain a strong balance sheet as well as by its ability to rate, manage its image in the

market and its relationships with bankers. Where possible Council seeks a diversified pool of stock and bank borrowing and ensures that bank borrowings are only sought from the approved list of registered banks (see Appendix 2). Council ensures funds are available on repayment through:

- Treasury investments being maintained in liquid assets.
- Funds are available being committed bank facilities.

Liability Management Policy 2 – Liquidity

Council will ensure that it has, at all times, sufficient funds available to meet its obligations as they fall due.

Borrowing under this policy shall be used for the purpose of meeting temporary shortfalls in revenue and will not be used as a permanent source of funds.

Minimum level of available liquidity (committed facilities and/or liquid assets) will not be less than \$[see Part 11 below] in addition to the amount required to be held against special funds.

3. Debt Repayment

3.1 Repayment of Tax Deductible Loans

The majority of Council's current debt is tax deductible with interest costs being offset against Council's group profits. In future loans raised will not have this status unless they relate to Council deriving taxable income. These loans are interest only and have been authorised by Council for a period of 20 years.

Liability Management Policy 3.1 – Repayment of Tax Deductible Loans

Council should retain tax-deductible debt ahead of non-tax deductible debt provided the benefits of doing so continue to exceed the risks.

4. Credit Exposure & Borrowing Limits

4.1 Liability Management Policy - Specific Borrowing Limits

It is desirable to have predetermined benchmarks to manage debt levels and servicing costs. Whilst Council has the ability to charge and collect rates, it is still necessary to establish debt management guidelines.

The following guidelines will assist in the process of prudent debt management.

The debt/equity ratio measures long-term debt, (excluding the current portion repayable within 12 months) against ratepayers equity. It reflects the balance between long term borrowings and ratepayers equity in the capital structure.

This is an important measure as it represents a significant portion of the infrastructure that is being developed through the capital works programme.

Liability Management Policy 4.1 – Specific Borrowing Limits

Debt will be managed within the following limits subject to:

- Council continuing to control and maintain its share of the roading network
- Requirements in event of civil emergencies:

- Gross cost of debt (interest and capital payments) in any financial year must not exceed as a percentage of Council's operating revenue.	12%
- Gross cost of debt (interest and capital payments) in any financial year must not exceed as a percentage of rate revenue.	20%
- Debt must not exceed as a percentage of total public equity and accumulated funds.	5%
- Total debt per head of population will not exceed	See Pt 11

4.2 Committed Borrowing Facilities

The following committed facilities must be available:

Liability Management Policy 4.2 – Committed Facilities

Overdraft facilities with the Council's banker to a maximum limit of \$[see Part 11 below].

A committed bank facility up to a maximum limit of \$[see Part 11 below] that may only be used for disaster recovery purposes.

5. Giving of Security

Lender's concerns over default risk will reduce if Council gives security over assets or future income flows. Consequently the existence and high quality of security will generally reduce the interest rate cost to Council.

Many of Council's assets are not readily saleable so will be less attractive as security items. Giving security over special rates is cost efficient and attractive to lenders. This is therefore the preferred method of providing security.

Liability Management Policy 5 – Giving of Security

- Council's first choice of giving security will be rates.
- Council assets may be pledged as security where it is advantageous and cost effective to do so.

6. Guarantees/Contingent Liabilities/Community Organisation Loans

Council, from time to time, provides financial guarantees and loans to recreation and service organisations. This principle is based on the grounds that it supports the provision of community facilities in addition to Council's direct financial grants.

Management will ensure that the business plan of the guaranteed party furthers the strategic objectives of Council and that financial statements are received on a regular basis.

Council is not allowed to guarantee loans to Council-controlled trading organisations under Section 62 of the Local Government Act.

Incidental Arrangements include:

- Rural Housing Loans
- Tenant Contribution Flats
- Guarantor of a bank loan to Akitio Local Committee
- Rural Water Supply Loans
- Advances to Community Organisations

Liability Management Policy 6 – Guarantees/Contingent Liabilities and other incidental arrangements: Support to Community and Council Organisations

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 loans are in line with Council's strategic objectives.

Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed.

Guarantees given will not exceed \$1,000,000 in aggregate.

7. Creditors/ Insignificant Debt

This policy gives discretion to Council to exclude debt for goods and services as not significant where obtained in the ordinary course of business under generally available conditions to parties' equivalent to Council's credit worthiness.

Liability Management Policy 7 – Insignificant Debt

Council excludes debt from these policies related to goods and services obtained in the ordinary course of business that are less than or equal to \$100,000 in aggregate.

8. Internal Borrowing of Special Funds

Special Funds must generally be used for the purposes for which they have been set aside. Council may, however, modify such purposes from time to time.

Debt can come from external sources or internal borrowings from Council reserves. It is prudent to utilise reserves while they are not required, instead of raising new debt. Otherwise the situation exists where interest is earned on reserve funds and at the same time interest is paid on debt. Usually the interest rate on debt is more than the rate being earned on reserves. Borrowing internally ensures that net interest costs are minimised. This will become increasingly important as reserves increase to meet Asset Management Plan requirements, depreciation funding and loan repayment funding.

For reasons of cost distribution, records on internal borrowings will be maintained to ensure funds are not disadvantaged.

Liability Management Policy 8 – Internal Borrowing

Council may authorise use of a portion(s) of special funds to reduce the requirement for external debt where all the following are met:

- There is a financial benefit to borrow internally
- The total of special fund liquid/cash investments will not fall below \$[see Part 11 below]
- The Council is satisfied that the portion of reserves being used is not likely to be required within 12 months, and levels are reviewed annually.

The special funds used must be reimbursed for interest revenue lost.

Internal debt will be included as part of total debt for the calculations of Policy 4 on Specific Borrowing Limits.

9. Capital Works Funding

Liability Management Policy 9 – Capital Works Funding

Capital works will be funded through raising new debt or by utilising depreciation reserves where such exist for the depreciable classes of assets.

10. Debt Period

Normally the period of debt raised for infrastructural capital works will not exceed the life of the asset being purchased or built.

Liability Management Policy 10 – Debt Period

Long term Debt (debt greater than one year) will not be used to fund annual operational expenditure.

The use of long-term loan funds will be restricted to capital items only.

11. Inflation Indexing

Council is required to inflation index all new debt for future value of capital projects. This means that it is necessary to index the policy limits to the future values.

These changes to limits are highlighted as following at 2.5% pa.

Policy	Year 1	Year 2	Year 3	Year 4	Year 5
2. Liquidity	1,200,000	1,230,000	1,260,750	1,292,269	1,324,575
4.1 Debt per head of Population	1,200	1,241	1,281	1,319	1,356
4.2 Bank Overdraft	1,200,000	1,230,000	1,260,750	1,292,269	1,324,575
4.2 Bank Facility	6,000,000	6,150,000	6,303,750	6,461,344	6,622,877
8. Internal Borrowing	1,200,000	1,230,000	1,260,750	1,292,269	1,324,575

Policy	Year 6	Year 7	Year 8	Year 9	Year 10
2. Liquidity	1,357,690	1,391,632	1,426,423	1,462,083	1,498,636
4.1 Debt per head of Population	1,390	1,422	1,451	1,478	1,505
4.2 Bank Overdraft	1,357,690	1,391,632	1,426,423	1,462,083	1,498,636
4.2 Bank Facility	6,788,449	6,958,160	7,132,115	7,310,417	7,493,178
8. Internal Borrowing	1,357,690	1,391,632	1,426,423	1,462,083	1,498,636

Investment Policy

Application

These policies apply to Council and its business unit. They do not apply to Council-controlled organisations and trusts.

Effective Date

These policies are effective from 1 July 2006.

Review Date

This policy is to be reviewed annually for input into the annual plan and Long Term Council Community Plan.

Treasury Investments

Council maintains Treasury investments to:

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

Range of Financial Assets held as Investments

Council has the following classes of financial assets:

- Financial Reserves
- Trust funds
- Special funds
- Shares
- Property held as investments
- Loans to Community Groups
- Trust Contributions

These are currently held in but are not restricted to:

- Banking Institutions
- Council-controlled organisations
- One insurance company & one Electricity Distribution Company
- A number of Forestry Stands
- Council controlled Trusts
- A small number of Community Groups

Investment Objectives

- Prudence
- Flexibility
- Minimisation of risk and maximisation of returns
- Ensuring the availability of funds

Prudence

The main issue in relation to prudence is the establishment of systems that allow decision making to occur at appropriate levels within Council policies. Prudence does not mean do nothing; rather it is to act appropriately within the gambit of the policies. Defining the scope and limits of delegation is therefore an important component of these investment policies. Prudence also relates to minimisation of risk as discussed below.

Flexibility

Approved investments are not required and special purpose reserves are not limited to their designated purpose. Council should aim to take advantage of the range of opportunities wherever practical for a Council of our size.

Forming trusts or obtaining credit rating from independent rating agencies such as Standard and Poors often result in reduced interest rate costs or improved access to markets. The set up and ongoing costs associated with these options would normally exceed the benefits to a Council of our size.

Minimisation of Risk/ Maximisation of Returns

There is an inherent trade off between risk and return. Council in this document prescribes its risk preferences and the implications for classes of investments that it may or may not invest in. Prudence requires a degree of conservatism in investments, meaning Council should be more risk averse than the average investor. Therefore it should predominantly invest in low risk, low return investments. Higher risks should require disproportionately higher returns and special controls.

Ensuring the Availability of Funds

In general, the availability of invested funds must be matched to planned expenditures. Additionally, it is important for Council to allow for unanticipated expenditure from a portion of its investments.

Considering the liquidity and duration of investments can accommodate these different needs.

Specific Investment Policies

Rather than by naming the specific attributes of acceptable investments, the policies define principles that allow decisions to be made in any case as they arise. This optimises the flexibility of the investment policies.

1. Default Risk

Default risk, also called credit risk, is the danger that an issuer/borrower will not be able to meet interest or principal payments when due.

Default risk is minimised by portfolio diversification and by restricting investments to issuers that have quality ratings or investments that are otherwise considered to be financially sound.

Investment Policy 1 - Default Risk

The risk of default in respect of any individual investment will be minimised by the selection of quality investments in a number of different entities. Investment policy 5.2 gives the parameters for, and limits associated with, the investment of cash funds.

2. Interest Rate Risks

Higher risk investments usually require a higher return from lenders.

Interest rate risk will be managed by balancing security and return as well as by diversifying the timing of investments. Refer to investment policy 5.2.

Council does not normally enter into these arrangements and expert advice will be obtained and transactions authorised by Council.

Investment Policy 2 - Interest Rate Risks

The following interest rate risk management instruments may be used to manage interest rate risk:

- Forward rate agreements.
- Interest rate swaps.
- Purchase of interest rate options products including floors, bond options and swap options.
- Interest rate collar type strategies.

Selling interest rate options for the purpose of generating premium income is not permitted.

3. Risk Return Trade Off

The best way for Council to approach the risk return trade off is to set limits on the level of risk it will undertake and seek to maximise returns within those constraints.

Investment Policy 3 - Risk Return Trade Off

Within the constraints Council has adopted on the different types of investment risk, the expected return on all funds invested should be commensurate with the risk involved according with the following rules:

- If the risk in a potential investment exceeds Council's risk constraints, then the investment will not be made.
- If two or more potential investments are equal in risk and within Council's risk constraints then investment will be made in the investment with the highest return.
- If two or more investments have different risks but are within Council's risk constraints then investment will be made after assessing the trade off between risk and returns. This assessment will consider prudence and the nature of risks and returns.

4. Cash Liquidity and Duration

Availability of willing buyers and sellers for a particular instrument is particularly important where investments need to be sold prior to maturity and also in ensuring competition in the market place when borrowing.

Investment Policy 4 – Cash Liquidity and Duration

Minimum level of available liquidity (committed bank facilities and/or liquid assets) to be not less than \$1.0 million in addition to the amount required to be held against special funds.

Council's portfolio shall be arranged to provide sufficient funds for planned expenditures and to allow for the payment of obligations as they fall due. Investments will be chosen with regard to:

- The period of time for which the funds are surplus to requirements
- The maturity of the investment
- The ability to liquidate the investment before its maturity
- The extent to which the portfolio already provides funds as required
- Prevailing market conditions

5. Restrictions on Investments

5.1 Authorised Cash Investments

Investment Policy 5 – Authorised Cash Investment Securities:

- **Government Securities**
- **Local Government Securities**
- **Government Treasury Bills**
- **Bank Money Market Call Deposits**
- **Bank Term Deposits**
- **Certificates of Deposit**
- **Transferable Certificates of Deposit**

Refer Notes 1 & 2

5.2 Investment Portfolio Limits

A maximum of 40% of total investment portfolio may be invested in New Zealand Government and Government Guaranteed Securities and/or in Territorial Local Authority Securities, which are secured over rates. The amount invested in any one such local authority is not to exceed 10% of total investment portfolio.

The investment limit in parties other than NZ Government or Territorial Local Authorities shall be dependent on credit rating, according to the table below:

Policy 5.2 Investment Portfolio Limits (see Note 1 for tier definition)

Tiers	Maximum Institutional Limit	% of Total Investment Portfolio by Tier
TIER 1	40% of total investment portfolio with any one financial institution	100%
TIER 2	20% of total investment portfolio with any one financial institution	50%
TIER 3	10% of total investment portfolio with any one financial institution	20%

5.3 Investment Short Term Cash Limits

Policy 5.3 Investment Short Term Cash Limits

Period to Maturity	Maximum \$	Maximum %
On call (Money Market)	No limit	
2 – 7 days	2,000,000	50%
8 – 30 days	1,000,000	50%
31 – 90 days	No limit	50%
91 days - 12 months	No limit	50%

On call funds cannot have a maximum limit as these depend on cash flow requirements.

6. Allocation of Interest

Investment Policy 6 – Allocation of Interest

Interest earned shall be allocated in the same proportion as monies invested to:

- **Special Funds**
- **Trust Funds**
- **The general revenues of the District**

7. Foreign Exchange

Council has foreign exchange exposure through the occasional purchase of plant, equipment and services denominated in foreign currency. These are not normally significant.

Investment Policy 7 – Foreign Exchange

Generally, all significant commitments for foreign exchange will be hedged using foreign exchange contracts, once expenditure is approved. Council can use both spot and forward foreign exchange contracts.

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

8. Shares/ Equity Investments

Council is a shareholder in other organisations. The most significant of these are Council-controlled organisations where shares are held for strategic reasons in forestry and roading.

Council is a small shareholder in an insurance company, (New Zealand Local Government Insurance Co. Limited). This shareholding is held to ensure there is long-term competition in the insurance market for Local Government and to ensure stability and availability of insurance to Council.

The market place for many of Council's share investments is limited due to the nature of the businesses.

Investment Policy 8 – Shares/Equity Investments

Council approval must be obtained to buy or sell shares.

Council does not normally trade in shares and holds shares as a long-term investor.

Council may purchase or acquire shares where they meet Council's strategic goals, are gifted, or are a result of restructuring.

Council will sell its shareholdings with a view to using the proceeds for capital developments aligned to Council's strategic goals where:

- **There is insufficient synergy with Council's strategic goals**
- **A suitable market exists, and**
- **A suitable opportunity arises to maximise value.**

9. Investment Property

Council, as a holder of a significant portfolio of property, will manage that portfolio to the best advantage of the community.

Property holdings are divided into three distinct categories:

- **Essential/Restricted** - to be retained by Council to meet operational or strategic needs, as the bulk of holdings represent infrastructural assets on reserve land or lands administered by Council under statutory restriction.
- **Surplus Lands** - to be divested of by Council in order to enable acquisition of assets for the benefit of Council and the District.
- **Other** - to be retained until such time as identified as belonging to either of the above. In the interim the properties will be managed on the basis of long-term retention.

Investment Policy 9 – Investment Property

Selling

Properties available for sale are to be marketed in accordance with statutory requirement and in a manner that does not disrupt the market place. It is expected that Community Boards be consulted where appropriate.

Purchasing

Properties to be purchased must:

- Be of strategic importance.
- Have the purchase price supported by registered valuation.
- Be substantiated by a report from management, including a fully worked capital expenditure analysis.

Market Rentals

All rented or leased properties shall be at market rentals, except where Council has identified a level of subsidy that is appropriate.

10. Utilisation of Investment Sales and Insurance Monies

Investment Policy 10 – Utilisation of Investment Sales and Insurance Monies

Funds released from investment sales (after sale costs) or non reinstatement of damaged properties must be applied in the following priority order:

- **Repayment of any associated debt.**
- **Repayment of debt, which incurs interest at a rate well above the rate able to be earned on the proceeds where costs are justified.**
- **Placement of funds in reserves to the extent that the reserve is underfunded and/or is required for intended future events.**
- **Purchase of assets/ capital works rather than borrowing for those assets at an interest rate well above the rate able to be earned on the proceeds.**

11. Departures from Normal Policy

Council strategy may result in cash advances to community or commercial organisations that depart from normal investment policy. The following policy covers this eventuality.

These currently include investments in Council's Trusts, forestry and a number of community groups.

Investment Policy 11 - Departures from Normal Policy

The Council may, in its discretion, depart from the Investment Policies where it considers that the departure would advance its broader social or other policy objectives. Any resolution authorising an investment under this provision shall note that it departs from the Council's ordinary policy and the reasons justifying that departure.

Note 1: Limits on Investments of Cash Funds

Quality Classifications of Investments

- Risk-free and near risk-free investments i.e.: securities issued or guaranteed by the New Zealand Government and local authority stock secured by rates.
- Low risk investments. I.e.: Issuers with a credit agency rating equivalent to Standard & Poors A- for long-term investments and A2 for short-term investments or better.

Explanation (Description) of Standard and Poors Credit Ratings

Description	Short Term	Long Term
Extremely strong capacity to meet general financial obligations		AAA
Very strong capacity to meet general financial obligations	A1+	AA AA AA-
Strong capacity to meet general financial obligations	A1	A+ A
Satisfactory capacity to meet general financial obligations.	A2	A-

Definition of Tiers in Investment Portfolio Limit Policy 5.2

- Tier 1 - Equivalent to S&P Long-term rating of AA- or better and Short-term rating of A1+
- Tier 2 - Equivalent to S&P Long term rating of A or A+ and Short term rating of A1
- Tier 3 - Equivalent to S&P Long term rating of A- and Short term rating of A2

Note 2: Approved Issuers of Securities

Approved issuers of securities are those that meet at least the minimum criteria (i.e. Tier 3) as stated in Note 1.

Movements in counterparty ratings shall be reported to Council as appropriate.

In the event that a counterparty with whom the Council has an investment(s) fails to maintain a credit rating sufficient to meet the minimum criteria to be an approved issuer, the Council shall divest itself of such investments as soon as practical.

Note 3: Treasury Policy Procedures

Council Responsibilities & Delegated Authorities

Activity	Responsibility
Alter policy document	Council
Authorise bank facilities	Council
Open/close bank accounts	Chief Executive Manager Financial Services
Approve cheque signatories (dual signatories required)	Council
Approve new loans	Council
Arrange new loans	Manager Financial Services Business Manager Assistant Accountant
Manage investments	Manager Financial Services Financial Accountant
Transfers of stock/register new debt issues	Seal register signatories

Sound treasury operational procedures are required to minimise any financial risk the Council may suffer due to mismanagement, error, fraud or unauthorised use of techniques or financial products.

Authorised officers are:

- Chief Executive
- Manager Financial Services
- Financial Accountant
- Business Manager
- Internal Auditor

The respective authorised officers will, at all times, manage the Council's financial affairs in accordance with the comprehensive controls set out in the Treasury Management Procedure. The same may be amended by resolution of Council from time to time.

Reporting

A financial report, including details of funds management, shall be presented to Council in October, January and April and July to coincide with the quarters ending September, December, March and June each year.

This report must contain:

- A commentary of movements in interest rates, borrowings and investments;
- Details of current interest rates at call, 30 days, 90 days, 1 year, and 5 years. In addition comparative rates for the previous month, 6 months and 12 months periods must be disclosed;
- Details of investments held with financial institutions. Maturity date, amount and interest rate and average earning rate must be disclosed. A schedule of what the investments represent must be shown;

A borrowing report which shows the general fund position, (bank accounts balance and short term borrowings), deposits and bonds held and a summary of loans held, which shows details of the current and long term maturity structure;

A statement on whether or not the Treasury Management Policy has been complied with over the period being reported upon. Where Treasury Management Policy has not been complied with, reasons and actions taken must be detailed.

Rating Remission Policy

1. Policy on Early Payment of Rates in Current Financial Year

Early payments accepted on the basis that payment must be for all components of the rates and therefore any payment received in advance will be spread pro-rata across all rate components.

2. Policy on Early Payment of Rates for Subsequent Financial Year

Early payments will be accepted for one subsequent year on the basis that payment must be for all components of the rates and any payment received in advance will be spread pro-rata across all rate components once the rates are set for the subsequent year.

3. Delegated Authority

Authority to consider and approve remissions is delegated to the Chief Executive, Manager Financial Services, and Revenue Manager

4. Policy on Rates Remissions

Remission of Penalty Charges

4.1 Objectives of the Policy:

4.1.1 To enable Council to remit penalties in certain circumstances that it considers to be fair and reasonable to do so.

4.2 Conditions and Criteria:

4.2.1 The Council grants to the Chief Executive or his nominee delegated authority in the following circumstances to approve on receipt of an application the remission of such penalty charges which have been incurred by any ratepayer as a consequence of their payment being received after the due date:

4.2.2 Where there exists a history of regular punctual payment and payment is made within reasonable time of the ratepayer being expected to be aware of the non-payment.

4.2.3 Where a property changes hands (sale or lease) and the new owner/lessee is responsible for an instalment when the original account was issued in the name of the previous owner/lessee.

4.2.4 On compassionate grounds, i.e. where a ratepayer has been ill or in hospital or suffered a family bereavement or tragedy of some type, and has been unable to attend to payment (elderly persons living on their own etc).

4.2.5 Rate account not received where it can be proved a genuine cause exists.

4.2.6 In situations where there are arrears from previous years, negotiation may be entered into over the amount of penalty that is ultimately to be paid on such accounts subject to the proviso that dispensations subsequently granted shall be conditional upon settlement being made of the total account due.

4.2.7 Where the first instalment has been penalised and the ratepayer agrees to pay the total balance of the year's rates at the second instalment.

4.2.8 In such instances where an error has been made on the part of Council staff or arising through error in the general processing or levying of same which has subsequently resulted in a penalty charge being imposed.

4.2.9 Where ratepayer has entered into arrears repayment agreement, penalties will be remitted from start of agreement to expiry date of agreement not exceeding 3 years and providing agreement conditions adhered to.

4.3 And that in implementing this policy the circumstances of each case be taken into consideration on their individual merits and it be conditional upon the full amount of such rates due having being paid.

5. Remissions – Rates Discount

5.1 Objectives of the Policy:

5.1.1 To provide ratepayers with the option of early payment in one lump sum of annual rates account and recognise the financial value of this option to both the ratepayer and the Council.

5.2 Conditions and Criteria:

5.2.1 Provided the amount of the total annual rates less the offered discount value is paid on or before the due date of the first of four instalments Council will apply an early payment discount of 5%.

6. Remissions – QEII Covenants

6.1 Objectives of the Policy:

6.1.1 To recognise and support the environmental value of such protected areas.

6.1.2 To acknowledge the non-commercial use of such protected land

6.2 Conditions and criteria:

- 6.2.1 The extent of the rates remission if approved is to be 100%
- 6.2.2 Applications are to be received in writing requesting rates relief be given to areas protected by the registration of a QEII Open Space Covenant
- 6.2.3 No buildings dwellings or batches of any type are to exist or allowed to be erected
- 6.2.4 Pest eradication shall be primarily the responsibility of the owner
- 6.2.5 No portion of the covenanted area is to be developed or utilised in any way for commercial purposes. This includes generating income for maintenance of the covenanted area

7. Remissions – School Sewerage Charges

7.1 Objectives:

- 7.1.1 In recognition that schools may be disproportionately disadvantaged by Councils present "pan charge system" and to ensure schools are more fairly charged for sewerage services based on their staff and students numbers rather than number of connections

7.2 Conditions and Criteria:

- 7.2.1 Schools must meet the definition of an "Educational Establishments" as defined under sec 54B Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendment Act 2001.
- 7.2.2 Council will remit sewerage rates, upon submission of application, the amount of which will be arrived at by subtracting the sum of calculation (b) from the sum of calculation (a).
- 7.2.3 Calculation (a): Councils standard sewerage charge (based on the number of water closets/urinals).
- 7.2.4 Calculation (b): the number of full time equivalent on-site students and staff divided by 20 and multiplied by the Uniform Annual Charge for Sewerage
- 7.2.5 If the sum of calculation (b) is greater than (a) then no remission will accrues.
- 7.2.6 The Council calculation, for practical reasons will be assessed as at 1 March each year
- 7.2.7 Discretion is delegated to Council Officers to determine the fairness of the numbers of staff and students.
- 7.2.8 Annual reapplication is required.

8. Remissions – Rating of Community, Sporting and Other Non Profit Organisations

This remission applies to owners where they meet the following objectives and operate as non-commercial/non-profit/non-business operations. The criteria are assessed as at 1 July for the new rating year.

8.1 Objectives of the Policy

- 8.1.1 To facilitate the ongoing provision of community services that meets the needs of Tararua District residents.
- 8.1.2 To facilitate the ongoing provision of recreational opportunities for Tararua District residents.
- 8.1.3 Assist the organisation's survival; and
- 8.1.4 Make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

8.2 Conditions and Criteria:

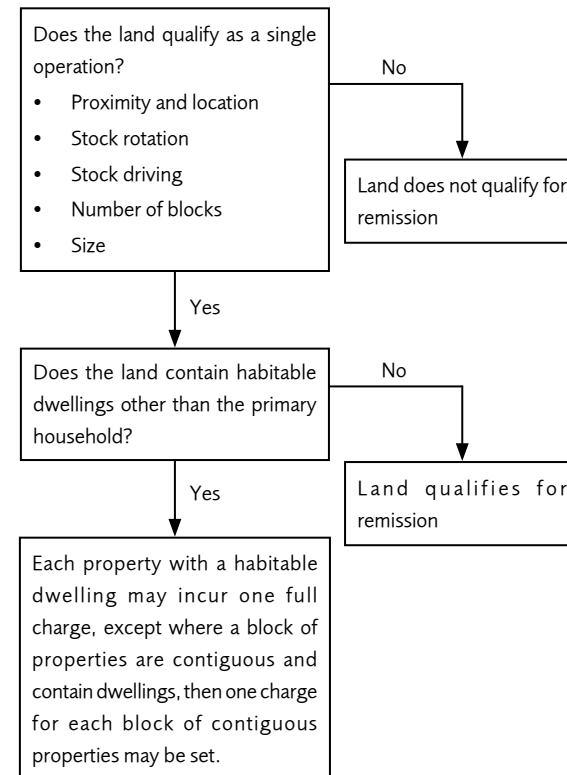
- 8.2.1 The Council may remit rates where the application meets the following criteria:
- 8.2.2 The extent of any remission to any qualifying organisation shall be the full amount of the Uniform Annual General Charge and full amount of the Roding, Dannevirke Footpath and Woodville Footpath Special Development Loan Rate.
- 8.2.3 The policy will apply to land owned by the Council or owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes.
- 8.2.4 The policy will not apply to organisations operated for private pecuniary profit, or which charge commercial tuition fees.
- 8.2.5 The policy will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.
- 8.2.6 The application for rate remission must be made to the Council prior to the commencement of the rating year; applications received during a rating year will be applicable from the commencement of the following rating year. No applications will be backdated.

- 8.2.7 Annual re-application required.
- 8.2.8 Organisations making application should include the following documents in support of their application:
- Statement of objectives;
 - Full financial accounts at the most recent balance date;
 - Other information as may be requested

9. Remission of Uniform Annual General Charges and Special Development Loan Rates on Non-Contiguous Rating Units Owned by the Same Owner

- 9.1 Objectives:
- 9.1.1 To provide for relief from uniform annual general charges (UAGC) and full amount of the Roding, Dannevirke Footpath and Woodville Footpath Special Development Loan Rate for rural land which is non-contiguous, farmed as a single entity and owned by the same owner.
- 9.2 Conditions and Criteria:
- 9.2.1 Rate remission to the extent of the uniform annual general charge will be given on non-contiguous rating units. The ratepayer will remain liable for at least one UAGC and one of each of any Special Development Loan Rates.
- 9.2.2 The same owner must own the rating units on which remission is to be given.
- 9.2.3 The land must be classified as "rural" for differential purposes
- 9.2.4 Only one dwelling may exist among all the rating units.
- 9.2.5 Application must be submitted on the required form.
- 9.2.7 The remission shall begin to apply in the following financial quarter in which the application is received.
- 9.2.8 Refer to the Remissions flowchart in this document for an overview of general guidelines
- 9.2.9 Each application will be considered in line with the general guidelines however individual circumstances may vary and could reflect on the final decision.

Remissions Flowchart



10. Remission of Rates on Land Affected by Natural Calamity

10.1 Objectives of the Policy

10.1.1 To assist ratepayers experiencing financial hardship due to a natural calamity.

10.2 Conditions and Criteria

Remissions approved under this policy do not set a precedent and will be applied only for each specific event and only to properties affected by the event.

The Council may remit all or part of any rate on any rating unit where the application meets the following criteria:

10.2.1 Where erosion, subsidence, submersion or other natural calamity has affected the use or occupation of any rating unit; and

10.2.2 It is applicable for each single event and does not apply to erosion, subsidence etc that may have occurred without a recognised major event; and

10.2.3 Where the Government has established a reimbursement scheme for rates relief in respect of such properties; or

10.2.4 The Council can set additional criteria for each event. This is because the criteria may change depending on the nature and severity of the event and available funding at the time. The Council may require financial or other records to be provided as part of the remission approval process.

11. Policy on Rates Postponements

Council does not provide rates postponements.

12. Policy on Remission of Rates on Maori Freehold Land

Council does not provide remission of rates on Maori freehold land.

13. Policy on Postponement of Rates on Maori Freehold Land

Council does not provide postponement of rates on Maori freehold land.

Policy on Financial Contributions

Introduction

Section 102(4) of the Local Government Act 2002 requires the Council to adopt a policy on development contributions (money or land required from developers under the provisions of the Local Government Act 2002) or financial contributions (money or land required from developers under the provisions of the Resource Management Act 1991 and the Tararua District Plan).

The Council currently has a Policy on Financial Contributions and intends to review it and consider introducing development contributions when it reviews the District Plan commencing July 2006.

The Resource Management Act 1991 requires the Council to manage the effects of subdivision and development in a manner that promotes the sustainable management of the district's natural and physical resources. Contributions from subdividers and developers provide a means of offsetting, avoiding, remedying or mitigating the adverse effects of such activities.

Financial contributions (whether cash, land, works or services) may be required from developers where the cost of providing or upgrading the public infrastructure or utility service can be attributed to a development.

Requiring developers to pay the actual costs of extending services is considered to be an appropriate method of encouraging an efficient, consolidated, compact pattern of land use. It is recognised that the true costs of service provision for an extended network would include not only the actual cost of the extension, but also a share of the costs that have been invested by the community in the establishment of the existing service network.

As a general rule, the Council will use financial mechanisms to ensure that ratepayers do not subsidise land developers who are seeking to extend service networks to serve their subdivisions and developments while there is still spare capacity on the existing network.

Currently the district is not experiencing, nor forecasted to experience demand for public infrastructure generated by growth, therefore no allowance has been made for capital expenditure to be funded from financial contributions during the term of the Community Plan.

Financial Contributions as Conditions of Resource Consents

Under section 5.1.6.3 of the District Plan contributions (whether cash, land, works or services) may be required as conditions of land use and subdivision consent in relation to the matters below. It should be noted that the amount or value of contributions (if any) will depend upon the circumstances of each resource consent application. The purpose, circumstances and maximum amount of financial contributions that may be imposed by the Council as a condition of consent is specified below:

(a) Provision of new roads and streets

Required where access cannot be provided from existing streets or where capacity of existing roads would be exceeded.

Maximum amount is the actual cost of building the road, including the value of the land.

(b) Upgrading and widening of existing roads

Required where development will result in need to upgrade the road.

Maximum amount is the actual cost of the work.

(c) Private rights of way, accessways and vehicle crossings

Construction and sealing may be required to ensure that there is no adverse effect on the roading network.

Maximum amount is the actual cost of the work.

(d) Off-street vehicle parking/loading spaces

Where on-site parking cannot be provided, Council may require a financial contribution to provide and maintain nearby public car parks.

Maximum amount is \$2,000 per car parking/ loading space.

(e) Street lighting

Council may require the upgrading of street lighting where, as a result of a proposed development, it is deemed necessary.

Maximum amount is the actual cost of the work.

(f) Earthworks

Where earthworks are required to provide building areas, roads or services, Council may require the work to be carried out to a specified standard.

Maximum amount is the actual cost of the work.

(g) Water supply

To ensure that a satisfactory supply of water is provided to a development, Council may require a potable water supply to be established or connection to reticulated services to be made.

Maximum amount is the actual cost of the work.

(h) Sewage/wastewater disposal

Council may require either connection to an existing reticulated system, the upgrading of the system, or the establishment of on-site treatment and disposal.

Maximum amount is the actual cost of the work.

(i) Stormwater

Council may require drainage facilities to reduce the adverse effects of uncontrolled run-off of stormwater from new developments.

Maximum amount is the actual cost of the work.

(j) Landscape treatment/fences

Where it is desirable to reduce the adverse visual effects of a proposed development, or any existing facilities, the Council may require landscape treatment or fences.

Maximum amount is the actual cost of the work.

(k) Open spaces, reserves and public recreational facilities

Where major new developments will generate a significant increase in demand for and usage of facilities, or where there is an opportunity to protect and enhance important natural features or areas, Council may require financial contributions.

Maximum amount is-

(i) In relation to building development, 0.5% of value of development

(ii) In relation to subdivision, 5% of value of additional allotments.

(Note contributions will only be levied in areas that will be identified as being in need of such facilities in the Council's Reserves and Recreation Facilities Strategy – currently in preparation).

(l) Esplanade reserves/strips/accessways

Where a development is proposed along the margins of watercourses/waterbodies that are identified in the district plan as priority areas, the Council may require the provision of an esplanade reserve, strip or access strip.

Maximum amount is actual cost of vesting 20 metre wide area adjacent to watercourse/waterbody.

(Note priority areas still being identified. Until they are Section 231 RMA applies, which requires a 20 metre wide esplanade reserve where new allotments are created along the bank of any river or lake or adjacent to the sea.)

Policy on Significance

1. Purpose

This policy is to be used by the Council to assist it in determining the significance of matters, proposals and decisions in a consistent manner.

Every decision the Council makes must be made in accordance with the decision making requirements set out in sections 77, 78, 80, 81 and 82 of the LGA 2002. However, the nature, extent and detail of compliance that is appropriate in any particular case will be guided by the "significance" of the matter (see section 79). The level of "compliance" includes:

- The extent to which different options are considered;
- The degree to which benefits and costs are quantified;
- The extent and detail of information to be considered;
- The extent and nature of any written records to be kept of the manner in which council has complied. (See section 79(1)(b).)

The significance of a matter will also assist in determining whether a special round of consultation is required, and the extent of information disclosed to the community, whether as part of consultation or in reporting to the community.

In addition, if a decision is determined to be "significant" in accordance with the general approach, criteria and procedures in this policy, a higher standard of compliance is required. Section 76(3)(b) requires that the Council must ensure, before a significant decision is made, that subsection 76(1) has been "appropriately observed".

It is also possible that a significant decision might be caught by section 97 (decisions that may only be taken if provided for in the Long Term Council Community Plan (the Community Plan) or section 88 (decisions relating to a change in mode of delivery that must be made by special consultative procedure).

2. "General Approach" and Criteria for Determining Significance

The Local Government Act 2002 requires local authorities to set out their "general approach to determining the significance of proposals and decisions in relation to issues, assets, or other matters" (s90(1)(a)).

The Act includes definitions of "significant" and "significance":

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

- (a) the current and future social, economic, environmental, or cultural well-being of 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, in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance.

In accordance with the definition of "significance", the Council will determine the significance of any issue, requiring a decision, by making judgements about the likely impact of that decision on:

- (a) the current and future social, economic, environmental, or cultural well-being of the Tararua district;
- (b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter;
- (c) the Council's capacity to perform its role and carry out its activities, now and in the future and the financial, resources and other costs of doing so.

As part of its consideration the Council will take into account how important the decision, matter or thing is in terms of the achievement of, or ability to achieve, the community outcomes in the Community Plan.

Note

The following matters **must** be consulted on using the Special Consultative Procedure, regardless of the Policy on Significance:

- Long Term Council Community Plan
- Annual Plan
- A decision to alter significantly the level of service of a significant activity
- The transfer of a strategic asset
- Constructing, replacing or abandoning a strategic asset
- Any decision which will significantly affect the capacity of Tararua District Council or the cost to Tararua District Council of an activity in the Community Plan.

3. Procedure for Determining Significance

The range of issues requiring decisions by local authorities is very wide and it is impossible to foresee every possibility. It is therefore decided that thresholds are not used to determine significance.

The criteria for determining significance is set out in Section 2; General Approach and Criteria for Determining Significance.

The following procedure will be used to determine significance:

- 1) Identification of an issue requiring a Council decision (generally by staff);
- 2) Assessment of significance by staff, using the criteria set out in Section 2;
- 3) If the matter is significant or there is any doubt about whether the matter is significant, the decision will be referred to Council for a determination of the significance of the matter. The referral may include recommendations from staff addressing the issue of significance and relevant considerations having regard to the criteria set out in Section 2 above.
- 4) If the matter is referred to the Council, the Council will make a finding as to the:
 - (a) degree of significance of the issue; and

- (b) if the matter is "significant", the appropriate method of observing section 76(1) of the LGA in making that decision.

Advice from Council staff will, in normal circumstances, be included in the approved report format. Reports to Council will specifically consider the impacts of decisions as set out in the criteria above.

4. Strategic Assets

This policy must also list those Council owned assets, considered by the council to be "strategic assets" (section 90(2)).

"Strategic asset" is defined in the LGA 2002 as:

"...an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes—

- (a) any asset or group of assets listed in accordance with section 90(2) 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"**

The assets and groups of assets that the Council considers to be strategic are:

- the roading network
- wastewater networks and treatment
- water supply networks and treatment
- rental housing

Policy on the Commitment of Council Resources to Partnerships with the Private Sector

The Tararua District Council will consider partnership arrangements with the private sector for the provision of infrastructure and services where such a partnership is likely to deliver better value in terms of the economic, environmental, social and cultural wellbeing than traditional delivery methods.

Commitment of Council resources to any such partnership will generally be in the form of an investment, loan, or loan guarantee.

1. Circumstances where the Tararua District Council will consider Partnerships with the Private Sector

Council will consider partnerships with the private sector where an activity has been identified in the Community Plan as a community priority or desirable community outcome.

The circumstances where a Public/Private sector partnership (PPP) may be entered into shall be limited to the following:

- 1.1 A need has been defined in measurable output terms;
- 1.2 Outcomes for the community, measured in cost, quality and timeliness exceed any other practicable form of provision;
- 1.3 There is an identifiable market of bidders prepared to compete for the opportunity to undertake the project;
- 1.4 The project size justifies the transaction and ongoing management costs.
- 1.5 The activity is regarded as significant under the Council's Policy on Significance.

2. Consultation

Any proposal for a partnership with the private sector that involves the allocation of Council funds and/or resources, will be tested against the community consideration, using the consultation procedures set out under sections 77, 78 and 79 of the LGA 2002.

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

3. Conditions

Any Public/Private Sector partnership will be subject to the following conditions:

- 3.1 Private participation will be subject to competitive tendering processes, with an emphasis on transparency and disclosure of processes and outcomes, acknowledging the need to protect commercial confidentiality where appropriate;
- 3.2 Any proposed partnership will be assessed against the public interest in terms of effectiveness, accountability, and transparency, together with the need to ensure equity for disadvantaged groups, public access, consumer law, and security and privacy rights.
- 3.3 Outputs will be clearly specified including measurable performance standards;
- 3.4 The partnership will be a relatively long-term commitment, with the term depending on the nature of the project;
- 3.5 All private sector parties will be fully accountable to the Tararua District Council for the delivery of the specified project and/or services;
- 3.6 Risk allocation between the partners will be clear and enforceable, with consequential financial outcomes;
- 3.7 Outcome monitoring by both parties will be clearly articulated;
- 3.8 Mechanisms for delivering ongoing value for money will be included;
- 3.9 Rules for withdrawal from a partnership will be clearly defined at the outset.

Council will not enter in to a PPP where:

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

4. Risk Identification, Allocation and Management

- 4.1 The major principle governing risk will be a risk transfer regime where risk will be transferred to whoever is best able to manage it taking into account public interest considerations;
- 4.2 Whoever is allocated risk must have the freedom to choose how to handle and minimise any risk.

5. Monitoring and Reporting

Council will continually assess and monitor any public/private sector partnership to ensure that funding and other resources are being used effectively and to ensure that desired community outcomes are furthered by the arrangement.

Monitoring and reporting requirements may vary, depending on the level of resources Council is spending/investing/protecting, and the nature of the partnership. The following points may be considered:

- 5.1 Proposals for PPPs should state how they might contribute to the outcomes or objectives in the LTCCP.
- 5.2 Measurable and auditable performance standards should be included where appropriate in partnership documents.
- 5.3 Quarterly, half-yearly or annual reports may be required.
- 5.4 The performance of PPPs will be reported on in the Council's Annual Report.

Policy on Accountability for Council Grants

1. Relationship with the Strategic and Annual Plans

- That all funding arrangements be entered into with clearly defined outcomes directed at meeting Council goals, or the desired outcomes for specific activities.

2. Form of Agreement

- That all funding arrangements entered into between the Council and other organisations be in the form of a contract.

3. Length of Contract

- That contracts shall be for a predetermined period necessary to meet the outcome(s).
- That there be no automatic rollover of funding from year to year and that organisations be required to apply through the annual planning process.

4. Accountability and Monitoring Procedures

- That groups receiving funding from Council be legally constituted e.g. incorporated society or trust.
- That the level and timing of reporting be determined on a case by case basis and incorporated into the contract document.
- That contracts for periods greater than one year be reviewed at least annually against defined targets.
- That continued funding is dependent upon meeting contractual obligations.
- That Council carries out audits of 10% of funding recipients on an annual basis.
- That operational responsibility for contracts is with the Council staff concerned. Where a contract is in operation monitoring shall be on a regular basis, specified in the contract.

Policy on Appointment and Remuneration of Directors of Council Organisations

Introduction

The Tararua District Council either owns or has an interest in a number of council organisations (COs).

A council organisation is defined in the Local Government Act 2002 as –

- (a) a company –
- i) in which equity securities carrying voting rights at a meeting of the shareholders of the company are –
 - A) held by one or more local authorities; or
 - B) controlled, directly or indirectly, by one or more local authorities; or
 - ii) in which one or more local authorities have the right, directly or indirectly, to appoint one or more of the directors (however described) of the organisation; or
- (b) an organisation in respect of which one or more local authorities have, whether or not jointly with other local authorities or persons –
- i) control, directly or indirectly, of one or more of the votes at any meeting of the members or controlling body of the organisation; or
 - ii) the right, directly or indirectly, to appoint one or more of the trustees, directors, or managers (however described) of the organisation.

The Local Government Act 2002 requires that the Council may appoint a person to a directorship of council organisations only if the council considers the person has the skills, knowledge and experience to:

- guide the organisation given the nature and scope of its activities
- contribute to the achievement of the objectives of the organisation.

The Council is required to adopt a policy setting out an objective and transparent process for identifying and considering the skills required of a CO director, and appointing the directors of COs.

In this context, the definition of a Director includes a Trustee, or other position of control or management of a company.

Skills, Knowledge and Experience

The Council considers that any person that it appoints to be a director of a CO should, as a minimum, have the following skills:

- intellectual ability
- an understanding of governance issues
- either business experience or other experience that is relevant to the activities of the organisation (or both)
- sound judgement
- the ability to work as a member of a team
- an understanding of the wider issues of a publicly-accountable shareholder.

Appointment Process

When vacancies arise in any CO, except those that are subsidiaries of TDC Holdings Limited (TDCHL), the Council will follow the following process for appointing directors.

The Council will decide in open Council whether to advertise a particular vacancy or make an appointment without advertisement. When making this decision the Council will consider:

- the costs of any advertisement and process
- the availability of qualified candidates
- the urgency of the appointment (e.g. a CO that is without a quorum cannot hold meetings).

When vacancies arise in CO's that are subsidiaries of TDCHL, the directors of TDCHL will be responsible for the appointment, having regard to the appropriate sections of the Act.

Appointment by Advertisement

Where the Council decides to advertise a vacancy, it will form an ad hoc committee to consider applications and make a recommendation to the council. The Mayor, or a councillor nominated by the Mayor, will chair the committee.

A shortlist of candidates will be prepared.

The shortlisted candidates will be interviewed by the ad hoc committee and the committee will report to Council on each of the shortlisted candidates. The committee may make a recommendation if it wishes to do so.

The Council will make a decision in committee (thus protecting the privacy of natural persons). Public announcement of the appointment will be made as soon as practicable after the council has made its decision.

Where the Council decides to appoint a Councillor to fill a vacancy, the process of advertising the vacancy and subsequent review will not be required. The appointment will be made by ordinary resolution of Council.

Appointment without Advertisement

Where the Council decides not to advertise a particular vacancy it will consider the appointment at its next scheduled meeting in-committee (thus protecting the privacy of natural persons).

Exclusion from Discussions and from Voting

An elected member who is under consideration to fill a particular vacancy may not take part in the discussion or vote on that appointment.

Policy on the Development of Maori Capacity to Participate in Council Decision-Making

The Local Government Act requires the Council to establish processes to provide opportunities for Maori to contribute to Council's decision-making processes, and consider ways that it may foster the development of Maori capacity to participate in Council decision-making.

Processes to provide opportunities for people to contribute to Council decision-making are set out in Council's Consultation Policy, and in the Local Government Act 2002 Part 6 Sections 76-92.

There is a need to especially consider Maori contributions as:

- partners in the Treaty of Waitangi
- if a significant decision relates to land or a body of water Council must "take into account the relationship of Maori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna and other taonga." (S.77.)
- Maori organisational forms and the iwi-hapu-whanau linkages are complex

The Council has a Memorandum of Partnership with the tangata whenua, represented by Rangitane O Tamaki Nui A Rua. This covers processes for engagement in decision-making.

During the term of this plan Council will consider, and further explore, further initiatives to develop its relationship with Maori so that Maori are better able to contribute to Council's decision-making. Possible initiatives include:

- Partners in the Treaty of Waitangi
- Identification of the existing capacity for Maori to contribute and address any identified barriers
- Strengthening of the partnership relationship with Rangitane
- A Rangitane member on the Tribunals and Hearings Committee of Council
- A stocktake of issues affecting Maori in the district
- Consideration of good consultation protocols with Maori as part of the review of Council's consultation policy.

Assessment of Water & Sanitary Services

1 Executive Summary

1.1 Background

All local authorities are obliged to undertake an assessment of their water and sanitary services, in accordance with Part 7 of the Local Government Act 2002 (The Act), by June 2005. These include water supply, wastewater and stormwater disposal, public toilet facilities, solid waste, cemeteries and crematoria. The main focus of the assessment is to ensure that the provision of these facilities is sufficient to ensure that public health is maintained.

1.2 Statement of Compliance with Local Government Act 2002

By preparing this assessment, Tararua District Council has fulfilled its statutory obligation of undertaking the first Water and Sanitary Services Assessment by 30 June 2005. This Assessment was adopted by Council at its ordinary Council meeting on the 28th September 2005.

1.3 Existing Facilities

1.3.1 Water Services

Tararua District Council (TDC) currently provides on demand water supplies to Dannevirke, Eketahuna, Pahiatua and Woodville in addition to supplementary supplies to the communities of Norsewood and Akitio. There are also privately managed reticulated potable water supplies at Pleckville, Makuri and Pongaroa.

In addition, many of the communities identified for the assessment are self sufficient in terms of water supply and wastewater treatment, and the risks to these communities has been assessed.

Reticulated wastewater disposal services are provided by TDC to Dannevirke, Eketahuna, Pahiatua, Woodville, Norsewood, Ormondville and Pongaroa. Reticulated stormwater disposal is provided in the form of limited systems in the four main urban centres.

1.3.2 Sanitary Services

There are 12 operational public cemeteries in the district managed by the Council, along with 10 old cemeteries that are maintained. In addition to this, there are five private cemeteries known to Council, however there could be additional cemeteries (especially small urupa) that are not recorded.

There are currently no crematoria in Tararua district and the closest facilities are in Masterton, Hastings and Palmerston North.

Currently there are 17 sites with public conveniences in the district, in addition to the many privately owned toilets available for public use.

TDC operates four landfills and two transfer stations, with an additional transfer station in Woodville managed by a private operator.

1.4 Predicted Future Demand

Currently the majority of water services in Tararua district have the required capacity to cope with demand. With further population decline predicted, this situation is not expected to change.

The quality of the treatment processes may need upgrading in the future, as the new Drinking Water Standards, other legislation and stricter resource consents conditions come into effect. This may lead to items such as Public Health Risk Management Plans (PHRMP's) and protozoa barriers for potable water and higher treatment levels for wastewater and stormwater.

An excess of public land neighbouring existing cemeteries at the four main urban centres, ensures that there will be adequate capacity for several decades.

With an ageing population, there will potentially be increasing demand for a crematorium in the district.

The existing public toilets are well distributed at sites of high usage around the district. Unless the behaviour of the population changes, there is no anticipated need for further services.

All landfills in the district are planned for closure soon, with services being coordinated with Wairarapa Councils and a landfill site being sought outside of the district. This will require further waste minimisation measures to be implemented along with additional transfer stations.

1.5 Council's Role and Proposal to meet Demands

There has been no known health issues recently resulting from water supplies and therefore it is considered acceptable to wait for the Drinking Water Standards (DWS 2005) and the new Health (Drinking Water) Amendment Bill to be finalised, prior

to committing funds to upgrades. It is acknowledged however, that health risks to communities are higher where drinking water standard compliance is not achieved.

Recently, the Council has been consulting with rural users in Eketahuna to determine potential efficiency improvements. This process will be extended to other communities as resources allow.

In Pahiatua and Woodville consents for the current wastewater treatment plants have expired with Eketahuna soon to expire. These plants are likely to require upgrades in the future to meet more stringent consent conditions. Assessment of Environmental Effects (AEE) documents have been prepared for both Woodville and Pahiatua.

Currently the Council is looking at options for upgrading these schemes, including the possibility of a southern Tararua scheme linking Woodville, Pahiatua and Eketahuna.

The Council will continue to fund upgrades and renewals to both the urban reticulated stormwater systems and roadside stormwater channels.

In most rural, unserved areas, there has been a reduction in population in recent years which is expected to continue in future. The Council will continue to respond to complaints and queries when these arise, and consider additional water and/or wastewater schemes when these become practicable for communities experiencing growth.

Additional public land will continue to be developed for cemeteries as required.

Landfills will be systematically closed, with facilities moved outside the district. As part of this strategy, waste minimisation measures will be addressed.

1.6 Proposed Improvements to the Assessment

This initial assessment has involved best endeavours to gather information and assess services within reason, on a limited budget and programme. Further information gathering may be necessary in the future for some communities.

It is proposed to review this assessment at five yearly intervals.

Solid Waste Plan

1 Executive Summary

1.1 Background

The Local Government Act Amendment No. 4 (1996) requires all local authorities to prepare a Solid Waste Plan. Tararua District Council adopted the Solid Waste Plan at its ordinary Council meeting on the 26th March 2003.

1.2 Plan Content

This Plan has been prepared to provide for the waste management needs of the Tararua community, now and in the future. The Tararua district produces almost 10,000 tonnes of solid waste each year, including green waste and recyclable material. It is important to manage our solid waste carefully to ensure the waste we produce does not adversely affect our health, community or environment.

The Solid Waste Plan sets out the solid waste management goals for Tararua, and includes actions to address the goals. Goals and actions are set out under the following headings:

- Waste Management Practices
- Education and Promotion
- Cultural Values
- Waste Reduction

- Re-Use and Recycling
- Organic Waste Recovery
- Difficult and Hazardous Wastes
- Construction and Demolition Waste
- Residual Waste Disposal
- Funding and Finance

The Plan also discusses the principles of waste minimisation. This uses the waste hierarchy of reduction, re-use, recycling, recovery and residual management with the long-term view of reducing the residual component of the waste stream.

The Plan does not detail how the residual component of the waste stream will be disposed of as this was considered an operational matter rather than a management issue.

The Plan will be reviewed as necessary, and at least every ten years.

1.3 Council Objectives

Tararua District Council is committed to the Solid Waste Plan. It is our intention that the Plan provide the best framework to achieve our objective of providing for the waste management needs of the Tararua district in a sustainable manner. We wish to ensure that waste management practices do not adversely affect human health, animal and plant health, amenity values and cultural values.

Council-Controlled Organisations

The Tararua District Council operates several Council-Controlled Organisations (CCO's) and Council-Controlled Trading Organisations (CCTO's).

The organisations independently manage their own facilities, deliver services, undertake developments, set their own key performance indicators, and generally act to achieve their own particular objectives.

The following table sets out the name of the organisation, a brief history, the nature and scope of activities, and the key performance measures.

Organisation	Significant Policies and Objectives	Nature and Scope of Activities	Key Performance Targets
TDC Holdings Limited. 100% Owned by Tararua District Council.	This is a holding company established in 1997 to manage Council's investments in CCTO's.	The core investment of the Company is a 66% interest in Infracon Limited and a 100% interest in Tararua Forests Limited.	To prepare and agree with Council on an Annual Statement of Intent by 30 June each year.
A Council-Controlled Trading Organisation.	Its objective is to operate a successful investment business and to ensure Council obtains an adequate return on its investments.	<p>There is currently a proposal for TDC Holdings Limited to purchase the remaining 34% interest in Infracon Limited that it does not already own. Details of this proposal are set out on page 8. The public is welcome to make a submission on this proposal as part of the consultation process. The procedure for making a submission is listed on page 5.</p> <p>The company will effectively and efficiently manage its subsidiary companies and will address business opportunities within the group.</p> <p>The company will approve the subsidiaries' strategies, directions, and Statements of Intent, monitor performance, and report half-yearly to Council.</p>	<p>To consider and agree with subsidiaries on their Statements of Intent during March-June each year.</p> <p>To monitor the subsidiaries performances against established targets.</p> <p>To report twice yearly to Council on the subsidiaries' performances and at earliest opportunity on any significant problems or issues relating to the company or subsidiaries.</p> <p>To comply in every respect with all legal requirements, with the company's constitution, and with the Statement of Intent.</p>

Organisation	Significant Policies and Objectives	Nature and Scope of Activities	Key Performance Targets
<p>Infracon Limited. 66% Owned by TDC Holdings Limited, and 34% owned by Central Hawkes Bay District Council.</p> <p>A Council-Controlled Trading Organisation.</p>	<p>This primary objective is to provide competitive and quality service to a wide range of customers by creating a stimulating and rewarding environment for the staff.</p> <p>The secondary objective is to add value for the shareholders and their respective communities.</p>	<p>Infracon Limited's primary activity is the management and execution of infrastructural maintenance particularly in the areas of local authority roading and utilities. The Company undertakes work in the areas of:</p> <ul style="list-style-type: none"> • Road and bridge maintenance contracts. • Utilities and services maintenance. • Parks and reserves maintenance. • Civil engineering contracts for Transit New Zealand, local authorities and private customers. • General plant hire. • Crushing and quarry operations. • Refuse collection and disposal • Supply of readymix concrete • Other works which are incidental or conducive to the attainment of operating as a successful business. 	<p>Ratio of Shareholders Funds to Total Assets - 55% minimum.</p> <p>Ration of net profit before tax to shareholders funds - 15% minimum.</p>

Organisation	Significant Policies and Objectives	Nature and Scope of Activities	Key Performance Targets
Tararua Forests Limited. 100% Owned by TDC Holdings Limited. A Council-Controlled Trading Organisation.	Established in 1994 to manage and develop forests and forestry rights in the Tararua district. Its principle objectives are: <ul style="list-style-type: none"> To pursue management practices, business and market opportunities in order to maximise profitability. To utilise joint ventures as a mechanism for further development of a sustainable forest base. To develop a management and financial plan for the ongoing activities of the company and monitor progress to ensure that the company achieves its objectives. To be a responsible corporate citizen. 	Activities of the company are focused upon the development of profitable forestry, yielding financial and other benefits. These activities include: <ol style="list-style-type: none"> Managing the forestry asset. Harvesting the forests at the appropriate times. Replanting of harvested areas. Expanding the forest area. Offering forestry management services to Tararua District Council and others. 	Ratio of Shareholders Funds to Total Assets - 60% minimum. Ratio of net profit before tax to shareholders funds - 7% minimum.
Tararua Aquatic Community Trust. A Council-Controlled Organisation.	Created by a Deed of Trust in 1993 to provide and maintain a comprehensive indoor swimming complex for the district.	The Trust's objective is to provide and maintain a comprehensive indoor swimming pool and related services, in the Tararua District for the benefit and welfare of the citizens of the Tararua District. The budgeted base funding is \$160,000+ GST. Council is committed to support this district wide facility through grants and other loan funding.	To comply with the terms and conditions listed in the Management Agreement between the Trust and Council. To provide an audited set of Annual Accounts and Chairman's report to Council by 31 August each year. To provide a safe healthy environment for the customers of the complex at reasonable prices.
Tararua Safer Community Council. A Council-Controlled Organisation.	Commenced in 1995. Sponsored by Council under an agreement with the Crime Prevention Unit of the Ministry of Justice, it is the co-ordinating group for more than 20 community organisations. In addition it aims to encourage the development of new initiatives in crime prevention.	The mission of the Tararua Safer Community Council is to co-ordinate existing community crime prevention programmes and to plan for, and encourage the development of new programmes within the context of a local crime prevention plan. The co-ordinator works with a variety of organisations throughout the Tararua district, assisting with crime prevention strategies, funding proposals, organisational policy advice, and project development.	To report regularly to Council on its activities. To provide office facilities and administrative support in terms of agreed arrangements. To provide six-monthly reports to the Crime Prevention Unit.

Tararua District Council Statistics

General

Description	Total
Population	17,859
Rateable Assessments	10,089
Non Rateable Assessments	736
Total Assessments	10,825
Area (ha)	427,000
Net Capital Value (\$m)	2,356
Rateable Land Value (\$m)	1,465
Rural-Metal Roads (km)	803
Rural-Sealed Roads (km)	1,071
Urban-Metal Roads (km)	less than 0.2
Urban-Sealed Roads (km)	82
Total Roads (km)	1,956

Resource Management

Description	Total
Resource consents issued 1 July 2004 to 30 June 2005	91
Landuse consents	17
Subdivision consents	74
Building consents issued	815
Registered dogs as at 30 June 2005	6,786
Licenced food premises as at 30 June 2005	97

Utilities

Description	Total
Bridges	396
Water Supplies	
Urban	6
Independent	4
Sewerage Systems	7
Solid Waste Disposal Sites	5
Stormwater/Drainage Systems	4

Buildings

Description	Total
Major Halls	5
Sports Facilities	4
Public Conveniences	13
Libraries	3
Pensioner Flats	107

Recreation Facilities, Parks & Reserves

Description	Total
Camping Grounds	3
Swimming Pools	3
Cemeteries	19
Major Parks & Reserves	9

Vehicles

Description	Total
Cars	9
Utilities	10
Fire Engines	5

Council



**Her Worship the Mayor
M E (Maureen) Reynolds**

PO Box 45
Dannevirke
06 374 7505

Northern Ward



Cr K T (Koro) Mullins

P O Box 129
Dannevirke
06 374 6882



Cr D A (David) Roberts

P O Box 69
Dannevirke
06 374 6405

Southern Ward



**Deputy Mayor
Cr D A (David) Lea**

182 Main Street
Pahiatua
06 376 7798



**Cr W H (Warren)
Davidson**

R D 3
Eketahuna
06 375 8364



**Cr C W (Chris)
Southgate**

P O Box 147
Dannevirke
06 374 9862



Cr J G (Judy) Swenson

P O Box 104
Dannevirke
06 374 1761



Cr W H (Bill) Keltie

R D 1
Pahiatua
06 376 8996



**Cr C D (Claire)
Matthews**

55 Tararua Street
Pahiatua
06 376 6594

Community Boards & Council Committees

Community Boards

Dannevirke

Generally meets on the 1st Monday of the month at 6:30pm.

Mr C P (Colin) Thew (Chairperson)
12 Seddon Street, Dannevirke
06 374 8253

Mr T E (Tom) Cradock
Crown Hotel, PDC, Norsewood
06 374 0760

Mr N H (Nigel) Ensor (Deputy Chairperson)
55 Gregg Street, Dannevirke
06 374 7091

Mrs J G (Judy) Swenson (Councillor)
PO Box 104, Dannevirke
06 374 1761

Eketahuna

Generally meets on the 1st Friday of the month at 10:00am.

Mr J M (John) Harman (Chairperson)
Norlings Road RD 3, Eketahuna
06 375 8470

Mrs E (Bidly) Fraser-Davies
36 Morgans Road
Kaiparoro, RD 2, Eketahuna
06 375 8634

Mr P J (Peter) Best (Deputy Chairperson)
13 Haswell Street, Eketahuna
06 375 8138

Mr W H (Warren) Davidson (Councillor)
RD 3, Eketahuna
06 375 8364

Mr C C (Charlie) Death
Nireaha Road RD 2, Eketahuna
06 375 8503

Notes:

Woodville operates its own autonomous community committee, Woodville Districts' Vision (Inc).

Pahiatua operates its own autonomous community committee, Pahiatua on Track (Inc).

Services Committee

(incorporating the Audit Committee and the Tenders Board)

Her Worship the Mayor – Mrs M E Reynolds (Chairperson); and all councillors.

Heritage Advisory Group

Cr J G Swenson (chairperson); Cr C D Matthews; Cr K T Mullins.

Historic Places Trust and Tangata Whenua Representatives:

Dr M Bycroft; Mrs B Kappely; Mr A Mason; Mrs D Ropiha; Mr D Watt (ex-officio).

Chief Executive's Performance Appraisal Committee

Her Worship the Mayor – Mrs M E Reynolds (Chairperson); Cr D A Lea; Cr C D Matthews; Cr D A Roberts.

Tribunal and Hearings Committee

Council Representatives:

Cr D A Lea (Chairperson); Cr W H Keltie; Cr C D Matthews; Cr D A Roberts

Community Board/Community Committee Members:

Mr C P Thew (Dannevirke); vacant (Pahiatua On Track Inc.); Mr W H Davidson (Eketahuna); Mr M Braybrook-Stewart (Woodville Districts' Vision Inc.)

Her Worship the Mayor and the Deputy Mayor are in all cases ex-officio members of all committees, except the Tribunal and Hearings Committee which does not include the Mayor as a member.

Management Team

Executive Staff

Roger Twentyman VPU, MBA (Dist)
Chief Executive

Stephen Taylor NZCE, BE (Hons)
Manager District Assets

Mike Brown BBS, Mgmt Dip
Manager Environmental Services

Peter Wimsett CA, BBS
Manager Financial Services

Uttam Chandra FCIS, Dip Bus Studies, AFNZIM, AT
Internal Auditor

Jenny Cawston MBS, BBS (Hons)
Community Outcomes Manager

John Walker FCA, FCIS
Business Manager

Staff Numbers (full time equivalent)

	2004/05	2005/06
Council	51.5	52.5
Consultancy	12.0	12.0
Total	63.5	64.5

Directory

Main Office and Council Chambers

PO Box 115
Dannevirke
26 Gordon Street
Dannevirke
Telephone: (06) 374 4080
Fax: (06) 374 4137
General email: info@tararuadc.govt.nz
Council Website: www.tararuadc.govt.nz
District Website: www.tararua.com

Service Centre Locations

Dannevirke 26 Gordon Street, Dannevirke (06) 374 4080	Pahiatua 136 Main Street, Pahiatua (06) 376 0110
Woodville 45 Vogel Street, Woodville (06) 376 1010	Eketahuna 31 Main Street, Eketahuna (06) 375 8149

Bankers Bank of New Zealand
Dannevirke

Auditors Audit New Zealand
PO Box 149
Palmerston North
On behalf of the Auditor-General

Solicitors Lloyd, Dodson, & Pringle
Dannevirke

Insurance Brokers Watt Insurance Brokers Ltd
Taradale

Submissions

Submissions were received from the following organisations and individuals:

Abernethy, Mr & Mrs I M
 Allardice, Donald
 Andrew Nolan
 Armstrong, F H – Ora Station
 Arthur, Mr S
 Bailey Family Trust, R W & P M
 Bailey, Ian
 Balance School
 Batts, Mr Arnold
 Bellshaw, Errol & Joy
 Beman, Miss D
 Biddle, Christy
 Blundell, Mr Mike
 Bond, Mr Colin
 Boyles, Margaret Joy
 Bulloch, Bruce & Marilyn
 Burns, Ron & Ngaire
 Bush Cricket Club
 Bush Multisport Trust
 Bush Multisport Trust
 Bush Sports Club
 Cancer Society of New Zealand
 Cass, Cynthia M
 Catholic Schools Board Limited

Coffey, Joan
 Colestream, B J & J A
 Cotter, Colleen
 Cotter, Kathryn
 Cotter, Philip
 Cowan, Mr S J
 Cowan, Muriel
 Curran, Mr Tony
 Dannevirke Combined Sports Group
 Dannevirke Community Board
 Dannevirke Rural Women
 Department of Conservation
 Dimock, Katrina & Mark
 Druce, Mr J D
 Eddie, Jean
 Eddowes, Mark & Denise
 Educating New Zealand
 Edwards-Sextus, Mrs P J
 Eketahuna Community Board
 Eketahuna Country Café
 Eketahuna Our Town/Main Street Committee
 Ellis, Mrs F
 Environment Network Manawatu Inc
 Evans, Graeme & Robyn
 Everitt, Tina
 Feck, Aimee

Federated Farmers of New Zealand Inc
 Fell, Dierdre
 Ferrick, D A & C J
 Fountaine, Ian & Helen
 Gaskin, Russell
 Gavin, Mr John
 Green Party of Aotearoa New Zealand – Wairarapa Electorate
 Guest, Anthony & Hoella
 Haar, John T
 Hale, Mr R F
 Hapuku-Smyth, Riana
 Harrigan, Jill
 Hartridge, Philip
 Henderson, Mr Graeme
 Henricksen, Dennis & Debbie
 Hilson, Anne
 Hogg Family Trust, M S & G S
 Hopelands Trust – C/- J H Bradley
 Horizons Regional Council
 Horrocks Family Trust
 Housing New Zealand Corporation
 Johanson, Alan
 Johnason, Mr Ivan
 Jones, Mr Russell
 Jury, Tony

Kaitoki 2B 3A Trust
Kent, Gregory
King, Lorraine
Kist, Mike
Land Transport New Zealand
Lawrence, Jean
Local Government New Zealand
Marshall, W P & C
McCallum, Keith
McKellar, Susan A
Mid Central Health
Milner, Donna
Ministry of Economic Development
Ministry of Social Development
Morrison, Trevor & Katja
Murfitt, Garrick
Natrass, Evan
New Zealand Historic Places Trust
Oliver, Mr & Mrs

Pahiatua Basketball Association
Pahiatua Junior and Senior Touch Modules
Pahiatua Junior Soccer Club
Pahiatua On Track Inc
Pahiatua Social Netball
Pahiatua Squash Club
Pahiatua Volunteer Fire Brigade
Parsons, Margaret
Peffer, Mr M C
Percy, Cedric
Percy, Lola & Noel
Peters, Mr Murray
PPCS Limited
PSRG (New Zealand)
Ramsden, Mr J D
Rangitane O Tamaki Nui A Rua
Schnell, Alan
Scrimshaw, Mrs P A
Scrimshaw, R F & L M

Shaw, Pauline
Smith, Mr R W
Smyth, Kenny & Mair Owen
St Anthony's Primary School
Takimoana, Miriama C
Tararua Aerobics
Tararua Aquatic Community Trust
Tobeck, Rex & Jill
Tupuhi Partnership
Valet Drycleaners & Laundry
Van Osta, Mrs G J W
Walker, Ngaire
Walker, Robyn
Watson, Terry
Webster, Mrs V J
Whitter, Colin & Doris
Woodville Districts' Vision
Woodville Swimming Pool Committee

Glossary of Terms

Activity The operation of a facility or the provision of a service.

Asset Management Plan A plan, which identifies the current status of an asset, future renewal programme and options to meet growth due to demand/expansion.

Capital Development Is the creation of new assets or the addition of new components to existing assets that extend any assets service potential.

Capital Renewal Is the replacement of existing assets when they have reached the end of their useful life.

Community Outcomes The community's priorities for the future of the District, identified through a community consultation process.

Cost of Service The true cost of performing an activity. Calculated as the total of direct costs, support costs, depreciation, interest and debt servicing.

Council-Controlled Organisation (CCO) means a council organisation that is:

- a) a company-
 - i) in which equity securities carrying 50% or more of the voting rights at the meeting of the shareholders of the company are-
 - A) held by one or more local authorities; or
 - B) controlled, directly or indirectly, by one or more local authorities; or
 - ii) in which one or more local authorities have the right, directly or indirectly, to appoint 50% or more of the directors of the company; or
- b) an organisation in respect of which one or more local authorities have, whether or not jointly with other local authorities or persons,-
 - i) control, directly or indirectly, of 50% or more of the votes at any meeting of the members or controlling body of the organisation; or
 - ii) the right, directly or indirectly, to appoint 50% or more of the trustees, directors, or managers (however described) of the organisation.

Council-Controlled Trading Organisation (CCTO) A council-controlled organisation that operates a trading undertaking for the purpose of making a profit, formerly known as a Local Authority Trading Enterprise (LATE).

Depreciation The cost or value of the economic benefit of an asset used during a financial year.

Funding Policy The Funding Policy sets out who should pay for Council's activity and how they should pay for the activity.

Groups of Activities The Council's services are divided into four groups of activities - Leadership, Building Communities, Supporting the Economy, Protecting the Environment - based on their relationship and the rationale for providing them.

Indicator Flag or signal that represent an issue of concern or which measure change or progress toward a desired outcome.

Infrastructural Assets Fixed utility systems that provide a continuing service to the community that are not generally regarded as tradeable. These assets include roads, water and sewerage services and stormwater systems.

Long Term Council Community Plan (Community Plan) A plan which outlines the Council's programme for the next 10 years and how it will contribute to achieving the community outcomes.

Measure The actual piece of information or data used to gauge an indicator.

Operational Expenditure All funding for providing services on a day to day basis, excluding renewal and capital expenditure.

Operating Revenue Revenue received as part of day-to-day activities. Includes user charges and rates but not capital revenue (such as new loans).

Performance Measure Measure by which organisational performance may be judged in relation to objectives.

Policy A course of action or set of parameters adopted by the Council or by management within which decisions can be made and action can be taken.

Renewal Expenditure Funding for works that replace the existing assets over their projected lifetime. Generally funded from the depreciation reserve fund.

Separate Rate A rate levied over a particular group of properties that receive or are capable of receiving a specific service or benefit additional to that provided by general rate funding.

Service Delivery Plan Outlines each of the Council's activities including service levels, performance measures, issues and future demand.

Toby A valve situated at the property boundary for the purpose of controlling the flow of water to the property.

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