

FUNDING AND FINANCIAL POLICIES

Introduction

The Local Government Act 2002 (LGA2002) requires the adoption of policies which outline how operating and capital expenditure for each activity will be funded. They are aimed at providing predictability and certainty about sources (the types of revenue) and levels of funding.

The Act requires the Council to manage its finances prudently and in a manner which promotes the current and future interests of the community. The Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses and that its long-term development programme is financially sustainable.

Section 101 of the Local Government Act 2002 sets the scene for how a council must manage its financial affairs.

101. Financial management—

(1) A local authority must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

(2) A local authority must make adequate and effective provision in its long-term council community plan and in its annual plan (where applicable) to meet the expenditure needs of the local authority identified in that long-term council community plan and annual plan.

(3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—

(a) in relation to each activity to be funded,—

(i) the community outcomes to which the activity primarily contributes; and

(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and

(iii) the period in or over which those benefits are expected to occur; and

(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and

(v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

(b) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community.

Council has considered these matters in deciding the most appropriate funding revenue for each activity.

REVENUE AND FINANCING POLICY

Introduction

The revenue and financing policy sets out Councils policies in respect of funding of operating and capital expenditure. The policy has been developed to comply with Section 103 of the Local Government Act 2002.

Section 103(2) sets out the funding mechanisms that Councils are to use in funding the operating and capital expenditure of their activities. They are:

- General rates;
- Targeted rates;
- Fees and charges;
- Interest and dividends from investments;
- Borrowings;
- Proceeds from asset sales;
- Development contributions;
- Financial contributions under the Resource Management Act 1991;
- Grants and subsidies;
- Any other source.

Council has taken account of all these options in designing its funding and financial policies.

What activities should Council fund?

In its LTCCP Council has identified eight community outcomes, which are illustrated throughout this document.

The range of activities undertaken by Council is designed to fulfil the outcomes wanted by the community.

The process of preparing the LTCCP addresses how Council can best fulfil these outcomes at the level of service required by the community.

The process identifies:

- A. Activities that Council should undertake and fund;
- B. Who should pay (after taking into account who benefits or causes the activity and the timing of such benefit or cause);
- C. Who causes the costs (and how much (if any) adjustment needs to be made to any fee or charge or allocation thereof for fairness, equity, wellbeing or ability to pay reasons);
- D. The most appropriate funding or charging mechanism to collect the revenue;
- E. The Revenue and Financing Policy and;

- F. Reviews and summarises the overall result in the funding impact statement.

A summary of the activity groups is included later in this section.

What activities should Council undertake?

These have been identified elsewhere in the LTCCP and are categorised under the following headings:

- Community Leadership
- Social and Cultural
- Environmental
- Economic
- Infrastructural

Who should pay?

Who benefits?

Council needs to consider who benefits from each group of activities.

Economic theory places all goods and services on a continuum. The position of particular goods or service depends on the degree to which it possesses the following two characteristics:

- Rivalry in consumption – goods are rival in consumption if one person's consumption of the goods or service prevents others from doing so, e.g. chocolate bars are goods with a large degree of rivalry in consumption; if Bill eats them, Jane cannot.
- Excludability - a goods or service are excludable if a person can be prevented from consuming the goods or service, e.g. if Bill doesn't buy a movie ticket then the usher can exclude him by preventing him from entering the theatre.

At one end of the continuum there are the so-called 'public goods'. These are goods which are both non-rival and non-excludable, i.e. everyone can consume them and no-one can be prevented from consuming them if they wish. A good example of public goods is national defence, where the whole community is protected from an invasion by the armed forces whether it wishes to be or not, and this protection cannot be removed from anyone in New Zealand. The costs of these 'public goods' are recovered from the public as a whole (i.e. income tax for national services, or in a local community general rates).

At the other end of the continuum are 'private goods' which are both rival in consumption and excludable. Most of our daily consumables are private goods. The costs of these can be recovered through user-charges or targeted rates.

Very few goods and services are entirely public goods or private goods. Most goods and services are 'mixed goods' and fall somewhere between the two ends of the continuum which leads to a mix of funding mechanisms.

The characteristics of goods or a service determine what type of funding tool might be used to fund a particular service. Local authorities may already have made judgements about what they consider are public goods when deciding whether or not to undertake a particular activity.

The activity plans identify which activities Council considers:

- Benefit the community as a whole
- Benefit part of the community
- Benefit individuals

Analysis of benefits

Council has analysed costs and benefits so as to use direct charging mechanisms where appropriate and practical.

Council has analysed costs and benefits of the remaining activities on an activity by activity basis, having regard to availability, use, and cost. The result is that Council finds very little difference in benefits received across the District when taking all activities into account.

Whilst some sectors may benefit more from certain activities, other sectors benefit more from other activities.

A question that often arises under this heading is: Why do we have to pay for services we don't use?

Few, if any, ratepayers use all the services Council provides.

- Some use the library, others don't.
- Some use sports fields, others don't.
- Some use parks and reserves, few would not.
- Some use roads far more than others.

Council uses direct charges including targeted rates, where reasonable and practical, to cover these costs. However, it is impossible to measure who uses many of Council's services, and how often, and who may not use particular services, so the fairest and most practical method to recover the balance of costs is by general rate.

Balancing funding requirements of today and those of tomorrow

The LGA 2002 requirement to consider periods in or over which benefits are expected to occur relates to allocating costs of capital expenditure fairly between the ratepayers of today and tomorrow to ensure intergenerational equity. The mechanism to achieve this is borrowing, so that servicing and repayment costs are spread over the period of enjoyment of the asset.

Council is also required to manage its affairs prudently. The Treasury Policy, which deals with borrowing and investment, is designed to ensure Council is prudent in its financial decision-making.

Some activities of Council relate to a portion of the District rather than to the District as a whole. These are "ring-fenced" for the purpose of managing costs and revenue i.e. identified as separately funded activities. They include:

- refuse collection
- landfill
- water supply schemes
- waste water schemes

Borrowings relating to these activities come within the "ring fence" and are dealt with on an intergenerational basis.

Other borrowings, being those that fund district-wide activities and the general purposes of Council, are not related to specific assets and are only entered into where it is prudent to do so. The cost of servicing is allocated across these activities in proportion to the capital involved in each activity.

Council's view of the intergenerational equity concept is that it does not necessarily promote a high level of borrowing for assets that provide benefits over time, and thus over generations. Rather, it provides a component in the total funding strategy that will allow it to fund and rate on a consistent basis over time, with each generation paying its fair share. The best measure of intergenerational equity is that everybody funds their fair share of depreciation.

Further, generations do not begin and end simultaneously. Generations change their composition on a rolling basis. Each generation inherits benefits from the past and passes benefits on to the future.

Accordingly, Council's approach has been to combine a prudent approach to borrowing with a consistent level of rating so that rates are levied on a consistent basis over time with each generation making its contribution.

Who causes the costs?

Certain activities may be undertaken by Council to remedy the negative effects of actions or inactions of any persons or categories of persons. These costs are sometimes referred to as "exacerbator pays" or "polluter pays", depending on the nature of the costs. They may not necessarily be bad or negative, but they may have negative effects on the community or environment. They typically include costs that have been caused by a person or category of persons, such as trade waste and costs arising from the lack of control of animals.

Council has, in its funding policy, sought to recover these costs to the maximum level possible, from the persons and categories of people who cause the costs. The mechanisms used are direct fees and charges.

Overall impact of allocation of liability for revenue

Council will look for a sustainable approach for its overall funding. Having considered the allocation of liability for funding revenue needs, Council must weigh this against the current and future social, economic, environmental and cultural wellbeing of the community. This necessarily takes into account ability to pay.

Councils have found there is a limit to which they can levy rates purely according to user pays. A range of factors come into play, not least of which is the inability of some users to pay for services and the inappropriateness of depriving them the use of key services if they cannot afford them. A specific example is libraries. Councils can seldom recover more than about 10 per cent of their costs by direct charges. Above this level, people use libraries less, which is undesirable in itself, and the unit cost of maintaining a library increases. Hence, both the individual and the community are worse off.

The intent of the law is that differentials be used to address the social, economic, environmental and cultural wellbeing of the community; in other words to achieve a level of fairness across the district. This includes the ability to pay of various groups of ratepayers. Other mechanisms for such purposes are the Council's remission policies.

The fees, charges and funding mechanisms used are based on a sustainable approach reflecting social, economic, environmental and cultural wellbeing of both the current and future Rotorua community. In setting fees, charges, and rates, Council recognises the need to consider factors of fairness and equity including wellbeing and ability to pay. It does so by setting direct charges at a level that is sustainable and promotes wellbeing and by using differentials for the allocation of general rates.

Selection of the most appropriate charging mechanism

How does Council pay for these services?

Council derives its income from several sources, where rates form part of the gross income of Council after it has exhausted other sources of revenue.

Council considers the extent to which activities can be funded by fees, charges and other non-rating mechanisms such as:

- Income from sales, commission and investments
- Income from commission
- Fees and charges
- Development and financial contributions
- Other forms of direct charges

These are supplemented by:

- Subsidies, where available
- Grants, where available

- Allocations from central government and regional offices, where available
- Business
- Borrowing, for intergenerational funding

Income from sales, commission and investments

Some Council activities generate income from entrance fees, sales of product, commissions on sales, event management and similar opportunities.

Fees and charges

Where possible, Council sets fees and charges to recover the full or part of costs for a variety of services provided. Various types of regulatory services are also bound by statutory fees, e.g. under the Building Act 2004, Sale of Liquor Act 1989.

Development and financial contributions

Capital expenditure, relating to growth, can be recovered through development contributes, as prescribed in the LGA 2002 and by financial contributions prescribed in the Resource Management Act.

Subsidies, grants and funding allocations

Council looks for opportunities to apply for alternative sources of funding by way of subsidies, grants and allocations from central government, regional offices, foundations and other organisations where this may be available.

These are discretionary based on policy and available funds of the contributing organisation and may vary from year to year.

Business

Council may enter into business to supply another source of funding. This may include business partnerships.

Borrowing, for intergenerational funding

The LGA 2002 requirement to consider periods in or over which benefits are expected to occur relates to allocating costs of capital expenditure fairly between the ratepayers of today and tomorrow to ensure intergenerational equity. The mechanism to achieve this is borrowing. The Treasury Policy, which deals with borrowing and investment, is designed to ensure Council is prudent in its financial decision-making, and other borrowings are only entered into where it is prudent to do so. In these cases, the cost of servicing is allocated across to activities based on the level of net expenditure.

General Rates

General rates apply:

- if the community as a whole generally gains benefit from the service; or
- it is available to all to take advantage of, the recovery of the cost is dependent on ability to pay; or
- the cost is not directly or readily recoverable from a particular group; or
- it cannot be reasonably collected by any other means.

The general rating mechanisms are:

- a UAGC (uniform annual general charge) on each rating unit (property); and
- a general rate of cents in the dollar of value

If one sector gets more benefit than others, any UAGC or differential can be modified to:

- a) take account of the level of benefits available; or
- b) carry out specific policies of Council; or
- c) take account of various purposes and wellbeing issues, including ability to pay.

If a sector needs to be subsidised, then *general rates on a differential basis* are used.

When costs cannot be recovered other than by way of general rate, they effectively become a tax on property value. As a tax on property value, general rates are governed by the attributes of a proportional tax (a standard rate in the dollar of value). This feature might be identified as progressive in effect.

A general rate is a tax that is applied on property at a standard rate across the district.

Therefore high value properties pay more than low value properties. General rates apply whether a land value or capital value rating system is used. This is generally referred to as an undifferentiated system. But this may give unrealistic results that are not sustainable, which in turn means they may not be fair, equitable and reasonable. The solution may be to use differentials. Differentials exist when different general rates are applied to different categories of property

Targeted Rates

Targeted rates may be used for various categories of land or activities undertaken.

Council considers what activities can be funded by rates that are targeted to the users and beneficiaries of particular services. The typical examples are water, sewage, and refuse.

Council uses 'user-pays' mechanisms (direct charges, including targeted rates) to the extent that is possible and reasonable.

Targeted rates, as a user-pays mechanism, can be:

- a uniform fixed amount; or
- a rate of cents in the dollar of value

Council uses direct charging (user pays) mechanisms to the extent possible and reasonable having regard to the current and future social, economic, environmental and cultural wellbeing of the community.

How much detail?

On a day to day basis, Council completes many tasks, some of which are obligatory, such as its functions under the Resource Management Act and others which are optional such as planting gardens. Council, in setting its funding

policy, needs to address what level of detail it should report and whether it should separately fund each of these tasks.

Transparency and accountability are most evident when an activity is totally funded by a specific mechanism. This allows ratepayers, or payers of user charges as the case may be, to see exactly how much money is being raised for and spent on the activity, and to assess more readily whether or not the cost to them of the activity represents good value.

Funding every activity on such a distinct basis would be extremely complex administratively. For some activities, the quantity of rates funding to be collected amounts to only a few cents per ratepayer. The administrative costs, and lack of significance, would lead to increased Council costs that are not really justified.

Accordingly, Council has taken a practical approach and grouped tasks into activities that align with how the tasks are managed and the services provided by Council.

The result, Council believes, is that the LTCCP adequately meets the requirements of transparency and accountability with minimal impact on administrative costs.

Council's approach to funding

Council takes a consolidated corporate approach to the management of its financial position. Through its Long Term Council Community Plan, it balances the level of capital expenditure required to meet strategic goals and maintain current service levels with what is sustainable within the prudential guidelines it has set. These parameters are contained in the Treasury Policy.

The concept of considering the funding of Council's activities on a district-wide basis was developed in 1992 and founded on the premise that the district is one community. This was supported by:

- Synergistic relationship between city and rural communities, and lakeshore settlements.
- Large parts of district affected by lakes or their catchments and geothermal activities.
- Much of the expenditure that is local by nature being also available to all the district e.g. rural seal extension.
- Council has been even-handed with local expenditure across the district over time.

Asset management plans are maintained for all infrastructural services and these provide information about asset condition and asset renewals required to maintain desired service levels.

Routine ongoing plant and equipment purchases are funded from depreciation charges and operating revenue.

Capital renewals are funded from borrowing, subsidies and grants (when available), depreciation, asset sales and from operating revenue.

New capital developments are funded from borrowing, subsidies and grants (when available), user contributions, asset sales and reserves.

Borrowing is an appropriate funding mechanism to enable the effect of peaks in capital expenditure to be smoothed and also to enable the costs of major developments to be borne by those who ultimately benefit from the expenditure. Borrowing, as noted above, is managed within the framework of the Treasury Policy and together with the asset management plans, helps ensure prudent stewardship and effective use of Council resources for now and the future.

Policy Statement

Funding of operating expenditure (Section 103(1)(a))

Where expenditure does not create a new asset for future use, or extend the lifetime or usefulness of an existing asset, it is classed as operating expenditure. Most of Council's day-to-day expenditure comes into this category. Council generates sufficient cash inflow from revenue sources (including rates) to meet cash outflow requirements for operating expenditure over the long term.

Councils operating expenditure includes several costs that the private sector does not need to fund. These include elections, democracy, community leadership, policy advice, advocacy, consultation costs, and regulatory and monitoring costs.

A Council must ensure that each year's projected operating revenues are at a level sufficient to meet that year's projected operating expenses. This is the balanced budget requirement.

Council's policy for funding operating expenditure is:

- a) To fund by way of direct charging mechanisms to the extent considered reasonable and practical, including:
 - Sales, commission and investment income;
 - fees and charges;
- b) To supplement this with subsidies, grants and funding allocations where these are available
- c) To fund by way of targeted rates where the beneficiaries can be identified and the benefit measured
- d) To fund the balance by way of a UAGC (uniform annual general charge) and general rates levied on a differential basis.

Funding of capital expenditure (Section 103(1)(b))

Capital expenditure is the category of expenditure that creates a new asset or extends the lifetime of an existing asset.

Council must ensure that each year's capital expenditure funding is at a level sufficient to meet that year's projected capital expenditure.

Council utilises the following sources to fund capital expenditure:

- a) To fund by borrowing where this best matches charges placed on the community against the period of benefits, with repayment over several years;
- b) To utilise the proceeds of assets sales if available;
- c) To direct charge by way of development contributions and financial contributions where these are appropriate;
- d) To supplement this with subsidies, grants, and funding allocations where these are available;
- e) To fund by way of targeted rates where the beneficiaries can be identified and the benefit recovered;
- f) To fund the balance by way of UAGC, general rates and transfers from reserves

The mix of mechanisms depends on the nature of capital expenditure. This can be categorised as:

Cost of renewal of assets

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

Cost of backlog

This relates to the period of a planned (or completed) capital project that is required to rectify a shortfall in service capacity to meeting existing community demand at the current agreed levels of service.

Cost of growth

This comprises the portion of planned (or completed) capital projects providing capacity in excess of existing community demand at the current agreed levels of service.

Cost of improved level of service

This relates to the cost of improving the level of service to an agreed new level above that previously agreed.

Rating Policy

Introduction

The Local Government (Rating) Act 2002 became effective on 1 July 2003. It introduced very significant changes to rating law and practice.

Council's current general rates policy consists of two rates:

- a) A uniform annual general charge (UAGC); and
- b) A general rate in the dollar of land value set differentially.

Council's traditional view is that all ratepayers benefit to some extent from the activities (past, present and future) of Council, so that it is appropriate to fund a base amount of the general rates by way of UAGC.

In addition, Council uses the UAGC to modify the progressive nature of rates, with a measure of regressive flat charge.

Council introduced the current rating policy in June 2004 to become effective from 1 July 2004. At the same time, Council signalled that it would continue to review its rating policy over the next two years. It specifically noted the following issues:

- Whether capital value would be a more appropriate rating base;
- Definition of differential categories and groups;
- The level of the UAGC and whether to assess this on each separately used or inhabited part of a rating unit (SUIP) rather than on each rating unit.

The primary issue is the rating base, whether to allocate liability for general rates according to capital value or land value. This is discussed below. The eventual decision in respect of this has a flow on effect to consideration about differential groups and the level and nature of the UAGC.

Pursuant to the Local Government (Rating) Act 2002, rates will consist of:

- A uniform annual general charge (UAGC);
- A differential general rate (based on land value in 2006/2007 and potentially on capital value thereafter);
- Targeted rate for lakes enhancement;
- Targeted rates for water supplies;
- Targeted rates for sewage disposal;
- Targeted rates for capital costs of Eastern sewerage schemes;
- Targeted rates for refuse collection.

Council will resolve annually the specific figures for each rate.

Rating Review – General Rates System

Capital Value or Land Value Rating Base?

Council has been through a long process to determine whether it is desirable to change from a land value to capital value rating base. Council has engaged the community (ratepayers, stakeholder groups and interested parties) in an informal process to identify the views and preferences of persons likely to be affected by, or have an interest in, the basis of assessing rates. In addition to previous work and suggestions from interested parties, this has assisted Council to know the mind of residents and the community as a whole. Council has identified sufficient support to warrant formal public consultation proposing a change to rating on capital value.

However, there are also representations that Council should take more time to evaluate the merits, mechanics, and consequences of a change.

Accordingly Council proposes:

- a) To retain the current land value rating system for the 2006/2007 year;
- b) To carry out a special consultative process about changing to a capital value rating base to be effective from the 2007/2008 year.

Council's objectives in proposing the change have been identified as:

- Fair and equitable
- Simple and transparent
- Stable – minimum change from year to year, especially following revaluations
- Minimise the number and size of differentials
- All available properties should contribute (including utility companies).

Council has considered factors that support a change in the rating base and is of the view:

- a) Most costs of Council are caused by or benefit people. Capital value better reflects the presence and activities of people than does land value.
- b) All ratepayers should contribute on a basis that better reflects benefits received or costs attributed.
- c) All councils desire to reduce differentials over time, and many would hope to eliminate them.
- d) Capital value will reduce differentials as compared with land value.
- e) Capital value can reduce the number of differential groups.
- f) Capital value (in principle) is more likely to reflect ability to pay.
- g) All properties should pay rates. Utility companies do not presently contribute to general rates, other than the UAGC, on a land value system.

- h) The existing land value system is perceived to have inequities that need to be addressed. Some properties are seen to pay rates that are too high and others rates that are too low.

In summary,

- a) For the 2006/2007 year, it is proposed the general rates system on land value will remain in place;
- b) Council proposes to carry out a special consultative process about changing to capital value for subsequent years.
- c) At the same time, Council proposes to consider other opportunities for targeting of rates.

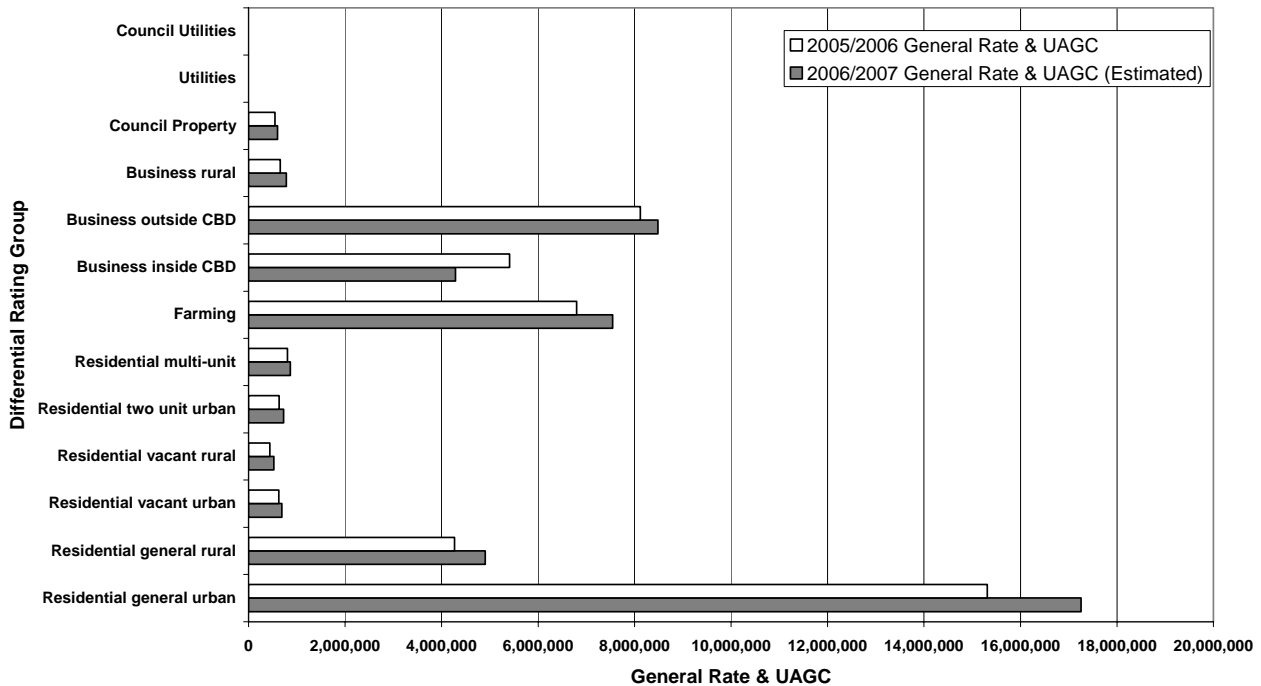
Proposed changes for 2006/2007

Council proposes to minimise changes for the 2006/2007 year pending the extended capital value review, but some changes are proposed. The main changes proposed are:

- Set the Business-Inside CBD and Business-Urban Outside CBD differentials at 420%.
- Simplify some definitions.
- Amend the CBD boundary.

Council recognises that other changes will be required if the land value system continues beyond 2006/2007.

Effects of 2006/07 Rates and District Revaluation 1 September 2005 on Rating Differential Groups.



The graph above is provided as an illustration of the effect of the 1 September 2005 district revaluation upon the incidence of collection from rating differential groups as the source of General Rate and Uniform Annual General Charge (UAGC).

Policy Statement

This policy uses predominantly the same differentials as have been used for the 2005/2006 year. The relative differentials for Business – Inside CBD and Business – Urban Outside CBD have been changed so they are now both the same. A new differential group has been created for Council property. Some definitions relating to differential groups have been modified to clarify the intent of the differential groups under a land value rating system. This includes redefinition of the Central Business District.

Purpose

The purpose is:

- To establish the basis for funding part of the revenue forecast as being required to perform the duties of Council; and
- To promote the social, economic, environmental and cultural well-being of the District's communities, in the present and for the future.

These policies have been prepared pursuant to the Local Government Act 2002 for consultation using the special consultative procedure.

Uniform Annual General Charge

Council sets a uniform annual general charge on every qualifying rating unit in the District for the general purpose of Council.

The UAGC is set at a level that approximates 70% of the maximum allowed under Section 21 of the Local Government (Rating) Act 2002.

Differential General Rates

Council sets general rates on a differential basis:

- Council sets a general rate in the dollar on land value set differentially according to eleven different rating groups to fund that part of the general revenues of Council that are not funded by the uniform annual general charge.
- The objective of including differentials in the general rate is to achieve a fair distribution of the general rate between categories of land having regard to matters of social, economic, environmental, and cultural well-being.
- The relationship between the general rate differentials applicable for each rating category for 2006/2007 has been set as follows (with residential general urban stated as base 1.00 or 100%).
- The eleven rating categories are:

	Relative differentials for the general rate for 2006/07
Residential rating group	
1 Residential - General - Urban	100%
2 Residential - General - Rural	70%
3 Residential - Vacant - Urban	90%
4 Residential - Vacant - Rural	65%
5 Residential - Two Unit - Urban	110%
6 Residential - Multi Unit	425%
Farming rating group	
7 Farming - General	65%
Business rating group	
8 Business - Inside CBD	420%
9 Business - Urban Outside CBD	420%
10 Business - Rural	260%
Council rating group	
11 Council Property	420%

Interpretation for the purposes of setting general rates on a differential basis

A: Differential groups

The differential groups are as follows:

Residential General Urban

Every property in the urban sector

- Used for residential purposes, which is no more than five hectares in area, and on which is situated one residential unit (not being land zoned rural); or
- Zoned rural which is not more than five hectares in area, and on which is situated one residential unit.

Residential General Rural

Every property in the rural sector used for residential purposes which is no more than five hectares in area.

Residential Vacant Urban

Every property in the urban sector:

- Which is vacant land zoned residential and is no more than five hectares in area; or
- Which is vacant land zoned rural and is no more than five hectares in area.

Residential Vacant Rural

Every property in the rural sector which is vacant land zoned rural and is no more than five hectares in area.

Residential two-unit urban

Every property in the urban sector which is:

- Used for residential purposes and is no more than five hectares in area, and on which is situated two residential units (not being land zoned rural); or
- Zoned rural, and is not more than five hectares in area, and on which is situated two residential units.

Residential Multi-unit

Every property which is:

- Used for residential purposes and which is no more than five hectares in area, and on which is situated more than two residential units (not being land zoned rural); or
- Zoned rural, and is not more than five hectares in area, and on which is situated more than two residential units.

Farming

Every property in the urban sector and rural sector which is zoned rural, is more than five hectares in area and used for any farming purpose.

Business Inside CBD

Every property within the Central Business District (CBD) which is:

- Used for any business purpose; or
- Vacant land which is not zoned residential or rural; or
- Not otherwise categorised in these definitions.

Business Urban Outside CBD

Every property in the urban sector that is outside the Central Business District (CBD) which is:

- Used for any business purpose; or
- Vacant land which is not zoned residential or rural; or
- Not otherwise categorised in these definitions.

Business Rural

Every property in the rural sector that is:

- Used for any business purpose; or
- Vacant land that is not zoned residential or rural; or
- Not otherwise categorised in these definitions.

Council Property.

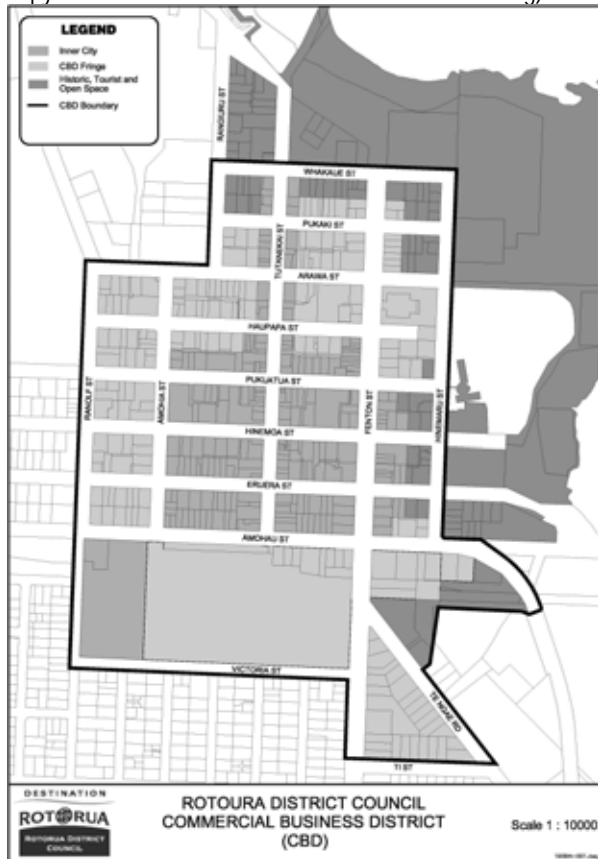
Every rateable property owned by the Rotorua District Council excluding those against which Council has granted a lease or license for use and thus requiring classification to an alternate rating differential group, thus preventing disadvantage to the lessee or licensee.

B: Definitions

The term:

“Business purpose” means any purpose of commerce, trade, or industry; but does not include any farming purpose.

“Central Business District” and “CBD” means the area as shown on the map below (plan number 10094-001; a larger copy is available at the Council Administration Building).



“Farming purpose” means used for agricultural, horticultural or pastoral or forestry purposes or the keeping of bees or poultry or other livestock.

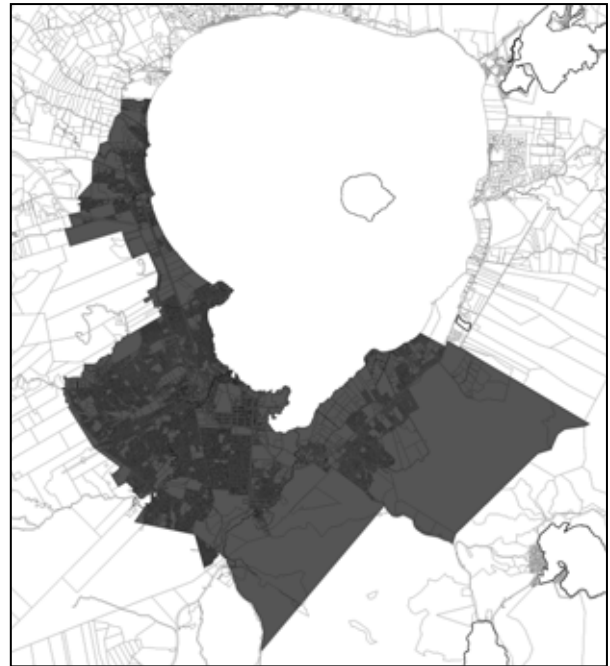
“Property” means, either the part or the whole of any rating unit (as the case may be) used for a particular purpose (explanatory note: the intention being that different parts of property which may constitute a rating unit for the purposes of the Rating Valuations Act 1988 may be used for different purposes and therefore rated differently).

“Residential purposes” means occupied or intended to be occupied for the residence of any household being a residential unit.

“Residential unit” means a self-contained home or residence of a single household unit which contains a single kitchen facility.

“Rural Sector” means the part of the Rotorua District which is not the Urban Sector.

“Urban Sector” means the area as shown on the map below (plan number 11018-002; a larger copy is available at the Council Administration Building).



“Vacant Land” means land which is in an undeveloped state and is not being used or occupied for any purpose.

“Zoned” means zoned in accordance with the operative Rotorua District Plan.

Targeted Rate for Lakes Enhancement

Council sets a targeted rate of a fixed amount on every rating unit in the district that pays a UAGC to contribute towards lakes enhancement by way of improving lakewater quality.

Targeted Rates for Water Supply

Council sets targeted rates for all rating units, or separately used or inhabited parts of a rating unit, to which water is provided, or which are serviceable rating units.

For these purposes:

- A **“rating unit connected”** is one to which water is supplied from a Council water supply service.
- A **“serviceable rating unit”** is one to which water is not provided, but the whole, or some part of which is within 100 metres of a Council water supply service and is within a water supply area.

Council sets the following targeted rates:

Urban water supply

(Plan number 11015 Sheet 1. Refer to Water section of Infrastructural Group)

A differential targeted rate:

- A fixed amount per connection on each separately used or inhabited part of a rating unit connected (whether or not metered);
- A fixed amount (being 50% of the above amount) on each serviceable rating unit.

A targeted rate on each metered rating unit or separately used or inhabited part of a rating unit of a fixed amount per cubic metre supplied in excess of 58 cubic metres per quarter.

Note: Targeted rates for metered supply are invoiced quarterly by separate invoice

Mamaku water supply

(Plan number 11015 Sheet 4. Refer to Water section of Infrastructural Group)

A targeted rate of a fixed amount per connection on each rating unit connected.

A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.

Note: These targeted rates are invoiced quarterly by separate invoice.

Kaharoa water supply

(Plan number 11015 Sheet 7. Refer to Water section of Infrastructural Group)

A targeted rate of a fixed amount per connection on each rating unit connected.

A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.

Note: These targeted rates are invoiced quarterly by separate invoice.

Rotoiti water supply

(Plan number 11015 Sheet 5. Refer to Water section of Infrastructural Group)

A differential targeted rate of:

- A fixed amount per connection on each rating unit connected.
- A fixed amount (being 50% of the above amount) on each serviceable rating unit.

A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.

Note: Targeted rates for rating units connected and for metered supply are invoiced quarterly by separate invoice.

Rotoma water supply

(Plan number 11015 Sheet 6. Refer to Water section of Infrastructural Group)

A differential targeted rate of:

- A fixed amount per connection on each rating unit connected.
- A fixed amount (being 50% of the above amount) on each serviceable rating unit.

A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.

Note: Targeted rates for rating units connected and for metered supply are invoiced quarterly by separate invoice.

Hamurana water supply

Plan number 11015 Sheet 9. Refer to Water section of Infrastructural Group)

A differential targeted rate of:

- A fixed amount per connection on each rating unit connected.
- A fixed amount (being 50% of the above amount) on each serviceable rating unit.

A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.

Note: Targeted rates for rating units connected and for metered supply are invoiced quarterly by separate invoice.

Okareka water supply

(Plan number 11015 Sheet 10. Refer to Water section of Infrastructural Group)

A differential targeted rate of:

- A fixed amount per connection on each rating unit connected.
- A fixed amount (being 50% of the above amount) on each serviceable rating unit.

A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.

Note: Targeted rates for rating units connected and for metered supply are invoiced quarterly by separate invoice.

Reporoa water supply

(Plan number 11015 Sheet 8. Refer to Water section of Infrastructural Group)

For these purposes:

"Domestic Non-Farming" rating unit means a rating unit where the water supply is not subject to water allocation and a corresponding restriction on a flow or time basis. This

applies to rating units primarily for domestic, commercial or industrial use excluding the Reporoa Dairy Factory.

"Farming/Dairy-Factory" rating unit means a rating unit primarily for farming of livestock and also includes the Reporoa Dairy Factory. Such rating units are subject to a daily water allocation restricted on a flow or time basis.

A differential targeted rate:

- A fixed amount per connection on each Domestic/Non-Farming rating unit connected.
- A fixed amount per connection on each Farming/Dairy-Factory rating unit connected.

A differential targeted rate:

- A fixed amount on each Domestic/Non-Farming rating unit connected per cubic metre supplied in excess of 83 cubic metres per quarter.
- A lower fixed amount on each Farming/Dairy-Factory rating unit connected per cubic metre supplied in excess of 206 cubic metres per quarter

Note: These targeted rates are invoiced quarterly by separate invoice.

Leakage

In respect of all metered water supply, where a leakage is detected, the amount of water supplied will be determined in accordance with Council's procedure relating to account reassessments.

Targeted Rates for Sewage Disposal

Council sets targeted rates on a differential basis for all rating units from which sewage is collected, or which are serviceable rating units.

For these purposes:

- The **"uniform sum"** means the amount payable when a rating unit has or is deemed, by Schedule 3 Note 4 of the Rating Act, to have a single water closet or urinal. (Schedule 3 Note 4 relates to rating units used primarily as a residence for 1 household)
- **"connected"** means a rating unit from which sewage is collected, either directly or by a private drain to a public sewerage system.
- A **"serviceable rating unit"** is one from which sewage is not collected, either directly or by a private drain to a public sewerage system, but the whole, or some part, of which is within 30 metres of Council's sewerage system and could be effectively connected to the sewerage system.
- **"Toilet"** means: a) a water closet; and b) each 1.5 metres or part thereof of urinal; and c) from 1 to 4 wall mounted urinettes
- **"Category 1"** means the rating units with 1 to 4 toilets (water closets and urinals)
- **"Category 2"** means the rating units with 5 to 10 toilets (water closets and urinals)

- **"Category 3"** means the rating units with 11 or more toilets (water closets and urinals)
- **"Availability"** means those properties which are serviceable rating units.

Council sets the following targeted rates:

Urban Sewage Disposal

(Plan number 11163 Sheet 2. Refer to Wastewater section of Infrastructural Group)

A differential targeted rate calculated as a fixed amount per toilet connected to the sewerage system on each rating unit as follows:

- Category 1 100% of the uniform sum
- Category 2 85% of the uniform sum
- Category 3 80% of the uniform sum
- Availability 50% of the uniform sum [per rating unit]

Eastern Sewage Disposal

(Plan number 11163 Sheets 4 and 5. Refer to Wastewater section of Infrastructural Group)

A differential targeted rate calculated as a fixed amount per toilet connected to the sewerage system on each rating unit as follows:

- Category 1 100% of the uniform sum
- Category 2 85% of the uniform sum
- Category 3 80% of the uniform sum
- Availability 50% of the uniform sum [per rating unit]

Targeted Rates for Capital Cost of Eastern Sewerage Schemes

The purpose of this rate is to recover the capital cost of establishing the schemes over 25 years from the date of commissioning each scheme.

This rate is set to recover from existing ratepayers their share of the capital cost of their respective sewerage schemes. The rate is set after allowing for a general rate subsidy of \$1,500 per household unit equivalent. In calculating the rate, Council has assumed 1,500 future connections to the total Eastern sewerage scheme.

Future developments will be required to pay a share of the capital contribution towards the establishment cost of the scheme (including associated interest), as per the Development Contributions Policy proposed elsewhere in this plan.

Separate targeted rates will be applied for establishing the Okawa Bay, Mourea and Duxton area sewerage schemes as detailed in the following policy statement.

Council sets targeted rates on a differential basis for the capital costs of establishing the following sewerage schemes:

- Okawa Bay
- Mourea
- Duxton

For these purposes:

- **"nominated rating units"** means properties which existed as rating units at the date of commissioning each scheme.
- **"household unit equivalent"** (HUE) means a household equivalent to enable industrial and commercial developments to be included in the calculations. It is used to convert industrial and commercial developments to a household equivalent.

In developing this policy, some ratepayers have requested the opportunity to settle the full capital charge relating to rating units by way of a voluntary contribution. For this to apply, voluntary contributions must be received by 15 June 2006.

Council sets targeted rates on a differential basis for all nominated rating units based on the household unit equivalent.

Ratepayers who have made a voluntary contribution towards the full share of the capital cost of their respective scheme will not be liable for this targeted rate.

Targeted Rates for Refuse Collection

(Plan number 10196, Sheets 1 and 2. Refer to Waste Management section of Infrastructural Group)

Council sets targeted rates for refuse collection from separately used or inhabited parts of a rating unit within the respective service areas on a differential basis for refuse collection in urban and rural areas respectively, where the service is provided.

TREASURY POLICY

Introduction

Council has made a minor change to its Treasury Policy to ensure borrowing limits are realistic in the current and anticipated future financial climate. It is important that Council's policy ensures intergenerational equity and enables prudent financial management for ratepayers of the district.

This will enable major investment in infrastructural assets, particularly in the Wastewater activity, and facilitate the transfer of the Rotorua Regional Airport assets to Council.

Philosophy

Council has treasury risks arising from debt raising, investments and associated interest rate management activity. Council carries out its borrowing and investment (in total referred to in this document as treasury activity) within its finance function. Council's broad objectives in relation to treasury activity are as follows:

- to comply with the Local Government Act 2002, amendments, and other relevant local authority legislation
- to develop and maintain professional relationships with the financial markets
- to manage all of Council's investments within its strategic objectives; invest surplus cash in liquid and credit worthy investments
- to raise appropriate finance, in terms of both maturity and interest rate
- to manage the overall cash position of Council's operations

Council's treasury policy is managed by the Treasury Management Group (TMG), being officers of Council with delegated authority.

Liability Management Policy

Borrowing Policy

Council borrows as it considers appropriate. Council exercises its flexible and diversified borrowing powers within the Local Government Act 2002. Council approves borrowing by resolution arising from the Annual Planning processes. Projected debt levels are ascertained from cashflow forecasts prepared during the Long Term Council Community Plan and Annual planning processes.

Council raises borrowing for the following primary purposes:

- General debt to fund Council's Balance Sheet, including borrowing to fund Council-Controlled Organisations (CCOs).
- Specific debt associated with "special one-off" projects and capital expenditure.
- To fund assets with intergenerational qualities.

Council is able to borrow through a variety of market mechanisms including the issue of stock and debentures and direct bank borrowing or by accessing the capital markets directly.

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

- The size and the economic life of the project as appropriate.
- The impact of the new debt on 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.
- Implied finance terms within any specific debt (e.g. project finance) to ensure these are at least as favourable as Council could achieve in its own right.
- Legal documentation and financial covenants.

Borrowing Limits, Liquidity and Credit Risk Management

In managing borrowing, Council determines appropriate control limits based on the following covenants:

- **The gross interest expense of all borrowings will not exceed a specified percentage of total annual rates revenue.**
- **Net cashflows from operating activities are to exceed gross annual interest expense by a specified multiple.**

The applicable control limits will be set by the full Council and reviewed on an annual basis.

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

- **No more than \$40 million or 50% of existing external borrowing (whichever is the greater) is subject to refinancing in any financial year.**

Interest Rate Risk Management

Council's borrowing gives rise to direct exposure to interest rate movements. Table 1 outlines the maximum unhedged or floating rate exposure requirements allocated into various time bands. The actual percentage will be determined and reviewed on a regular basis, by the TMG:

Table 1: Percentage of Fixed Rate Borrowing

These hedging percentages relate to total existing and forecast debt identified as "Core" debt by the TMG after reference to the current LTCCP and Annual Plans. The level of Core Debt used in determining policy compliance will be reviewed as appropriate, but at least on an annual basis.

Term of Exposure	Minimum Fixed Rate Exposure	Maximum Fixed Rate Exposure
0 - 1 year	60%	100%
1 - 3 years	40%	80%
3 - 5 years	20%	60%
5 - 10 years	0%	40%
10 years and over	Any hedging must be approved by Council	

The TMG sets interest rate risk management strategy by monitoring the interest rate markets on a regular basis, evaluating the outlook for short term rates in comparison to the rates payable on its fixed rate borrowing, and managing these risks using approved risk management instruments.

Security

In general Council will secure its borrowings against its rate revenue. In unusual circumstances, with prior Council approval, a charge over one or more of the Council's assets may be offered.

Contingent Liabilities

Council from time to time provides financial guarantees to recreation and service organisations pursuant to Council policy for such guarantees.

Investment Policy

Council maintains investments in the following financial assets:

- Equity investments, including shareholdings and loan advances, to trading and service enterprises, charitable trusts, and incorporated societies (e.g. sporting and community organisations), and for residential and rural housing purposes, which are consistent with Council's normal course of business.
- Investments in land and buildings (property) and from time to time commercial mortgages and deferred payment licenses.
- Treasury instruments for cash flow management.

Equity Investments and Loan Advances

Investments may include shareholdings in and advances to CCOs, charitable trusts, incorporated societies, residential and rural housing, and other long term investments which are consistent with Council's strategic plan and subject to legislation requirements.

Property Investments

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

Council reviews the performance of its property investments on a regular basis.

Treasury Investments

Council maintains treasury investments:

- to invest amounts allocated to special funds, sinking funds and reserves
- for short term Investment of proceeds from the sale of assets
- To invest surplus cash, and working capital funds

Liquidity Management

The TMG sets overall investment strategy, but in general terms Council will use surplus funds to decrease its overall level of borrowings by proactive management of its bank facilities.

- **Liquidity risk management is implemented by ensuring that cash investments are capable of being liquidated and in any case are for a term of less than twelve months. Committed bank facilities are also held to assist in the management of short term funding requirements as well as contributing to the funding of core debt.**

Interest Rate Risk Management

The TMG sets interest rate risk management strategy by monitoring the interest rate markets on a regular basis, evaluating the outlook, and determining the interest rate profile to adopt for investments.

Sinking Funds

A statement of sinking funds is prepared annually by the sinking fund commissioners and reported to Council.

Foreign Exchange Policy

Council may have foreign exchange exposure through the occasional purchase of foreign exchange denominated plant and equipment.

Significant commitments in excess of NZD50,000 are defined as an exposure. Foreign exchange dealings are hedged using foreign exchange contracts, once expenditure is approved by management and/or Council.


Cash Management

Council maintains rolling daily, monthly and yearly cashflows. These cashflows determine Council's borrowing requirements and surpluses for investment. Cash investments are generally covered by Section 3 of this policy.



Performance Measurement

Measuring the effectiveness of Council's treasury activities is achieved through a mixture of subjective and objective measures. The predominant subjective measure is the overall quality of treasury management information including the development of Key Performance Indicators (KPIs) by agreement with the Chief Executive.




Delegated Authorities and Key Internal Controls

Delegated Authorities

Delegated authorities are in place as per the Delegated Authority Manual.

Key Internal Controls

Sound treasury procedures with appropriate controls are in place to minimise risks the Council may experience through unauthorised treasury activity or unintentional error, and such controls are outlined in the relevant treasury procedures documentation.



DEVELOPMENT CONTRIBUTIONS POLICY

1. Background

1.1 Introduction

Rotorua District Council has identified in its Long Term Council Community Plan (Ten Year Plan) community outcomes unique to the Rotorua community and environs. These outcomes need to be supported by levels of service to be achieved in reserves, community infrastructure and network infrastructure to service the present and future community.

This Policy establishes a transparent, consistent and equitable basis for requiring development contributions in order that those undertaking developments pay a fair share of the community's capital expenditure for the provision of reserves, community infrastructure and network infrastructure.

The new policy in this Ten Year Plan sees a change in how infrastructure to cater for growth in the District will be funded. Under this policy most of the new infrastructure required for growth will be funded by a fee (Development Contribution) rather than as part of the general rates.

1.2 Enabling Legislation and Supporting Policy Framework

Council is required under the Local Government Act 2002 (LGA 2002) to have a policy on development contributions or financial contributions as a component of its Funding and Financial Policies in its Long Term Council Community Plan (Ten Year Plan). This Development Contributions Policy has been prepared in accordance with Sections 102(4)(d) and 106 and Subpart 5 of Part 8 of the Local Government Act 2002 (LGA 2002).

The Policy contributes to community outcomes identified in the Ten Year Plan by ensuring the provision of appropriate infrastructure to meet the needs of growth.

1.3 Purpose

The key purpose of the Development Contributions Policy is to ensure that growth, and the development of reserves land, community infrastructure and network infrastructure to meet that growth, is funded by those who cause the need for that infrastructure.

Community infrastructure includes infrastructure on reserves (reserves development), libraries, museums, event venues, sports grounds, aquatic centres, cemeteries, boatramps, and playgrounds. Network infrastructure includes water, wastewater, land drainage, roads and transportation.

1.4 Financial Contributions

A financial contribution is a contribution from developers of money or land or a combination of money and land. Financial contributions are provided for under the Resource Management Act 1991 (RMA), and are used to offset or mitigate any adverse impacts on the natural and physical environment including utility services of a new development.

Council already has a number of Financial Contribution provisions in place. These are included in Part Eleven and Appendix U of the Rotorua District Plan (refer Appendix C to this Policy).

Council will not require a Development Contribution for any activity to the extent that a Financial Contribution has already been imposed as a condition on a Resource Consent in relation to the same development for the same purpose.

It is intended that Council will review the Financial Contributions provisions in the operative District Plan with the exception of those Financial Contributions listed below:

- Reserves Land Purchase.
- Vehicle-parking
- Service lane vesting
- Rural unsealed road upgrading

It is noted however that under the conditions of a consent issued under the Resource Management Act 1991 (RMA) Council may still require a developer to mitigate specific adverse environmental effects relating to the development (refer to Section 1.5 of this policy).

The capital expenditure in Appendix D does not include any components of past projects funded by Financial Contributions.

1.5 Works or Services

Nothing in this policy will prevent the Council from requiring as a condition of consent a Financial Contribution for the provision of works or services to support the immediate proposed development. These works or services may include but shall not be limited to frontage works, connections and the like (refer the District Plan).

2. Policy

2.1 Adoption, Implementation and Review

This policy was adopted in conjunction with the 2006-2016 Ten Year Plan, and came into force on 1 July 2006. This completes the commitment of Council to develop a policy identified in the 2004-14 Ten Year Plan.

Development contributions will be assessed on the date of issue of a resource consent or building consent or the date when the service connection is approved, whichever is the earliest.

The Development Contributions Policy will be reviewed at least each three years in parallel with the Ten Year Plan cycle, or at shorter intervals if Council deems necessary, to take account of:

- Any changes to the significant assumptions to the Development Contributions Policy
- Any change in policy as Council continues to develop and implement structure plans for the District.
- Any changes to the District Plan
- Any changes in the capital works programme for growth
- Any changes in the pattern and distribution of development in the District
- The regular reviews of the Ten Year Plan
- Any significant changes in cost indices
- Any addition of other activities supporting growth
- Any other matters Council considers relevant
- Growth Model

The Development Contributions Schedule (Appendix A) will be updated annually by an amendment to the Ten Year Plan to account for inflationary adjustments and improved project information and budgets.

2.2 Retrospective Application

The LGA 2002 states that development contributions can be required for any resource consent, building consent or authorisation for a service connection granted on or after 1 July 2003 and lodged after 18 December 2001.

Credit will however be given for the pre-existing status of properties (refer Section 3.5 of this Policy).

As a concession to the requirements of the LGA 2002, the following transitional arrangements apply to applications lodged for subdivision consent and land use consent:

- i. Applications lodged before 14 March 2006 will not be subject to a Development Contribution charge.
- ii. A Development Contribution charge will also not be payable where applications are lodged on or after 14

March 2006 and are granted before 30 June 2006 EXCEPT THAT where any objections (where applicable) are lodged in regard to any such consent that might be granted then all such objections must also be fully resolved and determined in accordance with all relevant legal processes by 30 June 2006, and, for the avoidance of doubt, this includes resolution or decision on the objections by the Council or any Court of Law as any case might require.

- iii. All other applications lodged on or after 14 March 2006 not covered by (ii) above will be subject to a Development Contribution charge.

Development Contributions charges will be based on the Development Contributions Schedule (Appendix A) in force at the date the payment is made.

2.3 Credits

Where development contributions or financial contributions for a particular property have previously been assessed and paid, credit will be given for the particular activity. For the calculation of these credits there is no historical time limit and all previous credits will be taken into account.

For the purposes of this Policy a credit is measured as the number of Units of Demand (Household Unit Equivalents – HUE) (refer section 3.4) for each activity applied in determining the development contribution charge.

Credits towards the assessment of development contributions for a consent application include both "Historic Credits" and "Actual Credits".

Advice regarding the number of credits for each activity for a specific title will be available on application.

2.4 Definition of Growth

In terms of this Policy, growth means the increase in capacity of network infrastructure and community infrastructure external to the boundaries of the development site required to service that development.

Within the boundaries of the development site, the developer shall provide the following as part of the cost of development, as a condition of the consent under the District Plan as a result of a RMA process:

- Road, transportation and car parking infrastructure and landscaping requirements
- Water supply network
- Wastewater network
- Land drainage collection and disposal infrastructure
- Other services required in the District Plan
- All other utility services (not managed by Council)

2.5 Future Policy Development

Future versions of this Policy may capture development contributions from the following activities:

- Vehicle parking
- Reserves land
- Other planned network and community infrastructure

2.6 Requirement For and Use of Development Contributions

Council may require a development contribution from any development for the following:

- Capital expenditure incurred as a result of growth and/or capital expenditure already incurred in anticipation of development.

Development Contributions will be required to meet the growth component of the future capital expenditure budgets.

Development Contributions will be collected to support the following activities:

Network Infrastructure

- Roading and Transport (road, rail, bus, pedestrian, cycle etc.)
- Water Supply
- Wastewater
- Land Drainage

Community infrastructure

- Facilities and activities on parks
- Public amenities

2.7 Capital Expenditure Council Incurs as a Result of Growth

The total estimated capital expenditure Council expects to incur, as a result of growth, to meet increased demand for transportation, water and wastewater, land drainage and parks, over the next 10 years, is summarised in the table in Appendix E.

The total growth component, excluding funding from other sources, of the capital expenditure budgets will be funded by development contributions.

The calculations and documentation supporting the above capital expenditure are available for examination at the offices of Rotorua District Council.

Note: Backlog and Renewal portions of capital expenditure will be funded from sources other than development contributions.

In the recent past Council has incurred significant expenditure in anticipation of development. Council will

recover the growth component of these projects implemented to support the future community (post 1 July 2006). A schedule of these "Past Projects with Residual Capacity" is included in Appendix D. Note the cost of the growth component is determined from actual total cost to implement these projects.

2.8 Council Use of Development Contributions

Council will use development contributions only on the activity for which they are collected. This will be undertaken on an aggregated project basis for each of the activities.

Where Council anticipates funding from a third party for any part of the growth component of the capital expenditure budget, then this proportion is excluded from the total estimated growth component to be funded by development contributions.

2.9 Limitations to the Application of Development Contributions

Council will not require a development contribution in the following cases:

- Where it has, under Section 108(2)(a) of the Resource Management Act 1991 (RMA), imposed a condition on a resource consent in relation to the same development for the same purpose; or
- Where the Council has received or will receive 100% funding from a third party for those works.
- Minor building alterations covered by a building consent.

3. Procedural Items Relating to Policy

3.1 Determination of Development Contribution Charges

3.1.1 Activities

Six activities have been defined for which development contributions have been calculated. The activities are:

Network Infrastructure

- Roading and Transport
- Water Supply

- Wastewater
- Land Drainage

Community infrastructure

- Facilities and activities on parks
- Public amenities

3.1.2 Catchments

For each activity a number of catchments have been determined.

Developments lying within a catchment will be charged a development contribution for that area. If for any reason a development falls outside the catchment, and is still served by the infrastructure associated with one of the activities, then the schedule of contributions for the serving catchment shall apply.

The catchments are defined in Appendix B.

3.1.3 Level of Service (LOS)

Council activity plans for each activity, linked to the Ten Year Plan, define the relevant LOS for that activity.

From these LOS statements a capital project list to meet projected growth has been identified and costed, based on sustaining these levels of service.

In general the development contributions will be calculated based on the existing levels of service across the District.

Any requirement to increase the LOS for existing users will not be funded by development contributions.

3.1.4 Growth Model and Household Unit Equivalents

The District's growth model has been developed in order to predict growth throughout the District in 'Household Unit Equivalents' (HUE) and this growth information is presented per activity, per catchment.

High growth areas have been identified as the City Eastern Suburbs, Northern and Rotokawa planning units, while the Rural Established Lakeside, Eastern Lakes and Hamurana planning units will experience moderate growth, and the highly regarded Natural Environment, Southern Lakes and Ngongotaha units will experience stable growth. It is recognised that Rotorua is experiencing growth. Rotorua District will continually monitor growth and improve the growth model forecasting techniques. The next review of the growth model is anticipated to be completed in time for the 2007 review of this Policy.

In the growth model, a HUE is defined as being equivalent to one 'average' household unit. It is recognised that household units vary throughout the District and that the demands they generate also cover a broad range. However, given the relatively large size of the development contribution

catchments and the implied averaging, the approach is considered appropriate as well as being consistent with the level of detail recognised by the growth model itself.

3.2 Cost Allocation Methodology

The Cost Allocation Methodology used in this Policy is referred to as "Modified Shared Drivers". This methodology is applied to the 10 years of capital works expenditure in the Ten Year Plan. In the first preparation of the Development Contributions Schedule priority has been given to high value projects and those with a high growth component.

The Modified Shared Drivers approach takes the planned costs of a proposed project and assigns them to various drivers. The categories of drivers within the methodology are:

- Renewal
- Backlog
- Growth
- Unallocated

A summary of the Cost Allocation Methodology is as follows:

- The scope and Gross Cost of the project are reviewed. Any non-capital (operations and maintenance costs, feasibility costs) are deducted.
- Third party funding (e.g. Land Transport New Zealand) is identified and deducted.
- Catchment is established.
- A share for renewal is deducted taking into account the scope of assets being renewed and their remaining life at the time of renewal.
- Capacity and Demand information based on current levels of service is used to allocate shares to Backlog and Growth.
- Any remaining share is defined as Unallocated.
- Capacity and Useful Life information is gathered to help determine the period over which contributions should be collected.

The full and detailed methodology and cost allocation worksheets are available for inspection at the offices of Rotorua District Council.

3.3 Funding Model

The purpose of the funding model is to ensure an equitable assessment of the funding requirements to support the Development Contributions regime. The primary output of the funding model is an assessment of the required development contributions charges. These charges are listed in Appendix A.

The model takes account of:

- The funding requirements to support the cost of growth infrastructure.
- Equitable application of those funding requirements to the incoming growth community.
- Recognition that the backlog components of the growth infrastructure are funded by the existing community. The

rating charges applied to the existing community will also be applied to the incoming community as there is no differential rating process to exclude the incoming community from those rates charges. Future rating revenue from the increasing community has been estimated and incorporated into the calculation of the contributions in the Funding Model.

- Interest on funds raised to implement growth infrastructure.
- Interest on contributions received in advance of provision of growth infrastructure.

3.4 Assessment of Development Contributions

The subdivision of land, land use consent or development or building application may change the predominant land use of an existing site to create additional residential lots and obviously results in the potential for additional household units and therefore additional HUEs. Assessment of Development Contributions is based on this unit for the calculation and charging. This assessment may be done on the lodging of an application for a resource consent under the RMA, a building consent under the Building Act 2004 or an application for a service connection authorisation.

3.4.1 Residential and Lifestyle Block Applications

The only information that is required to calculate the number of HUEs, and hence the development contribution that is chargeable, is the additional number of residential allotments created by the proposed consent.

The following activities, will therefore all be assessed as 1 HUE per additional allotment:

Network Infrastructure

- Transport
- Water Supply
- Wastewater
- Land Drainage

Community infrastructure

- Facilities and activities on parks
- Public amenities

Every residential unit, whether a separate dwelling or part of an apartment complex, equals one household unit which equals one unit of demand and every lot is taken as being intended for one household unit.

Any additional Household Unit on the same lot, e.g. granny flats, will be assessed and charged a Development Contribution based on the following:

- Under 40m² No Charge (Granny Flat)
- 40 – 72m² 0.5 HUE
- Over 72m² 1 HUE

This will only apply for the first additional Household, all subsequent Household Units will be assessed 1 HUE.

Where the property is not planned to be connected to the Water Supply, Wastewater or Land Drainage Network Infrastructure no charge will be made for that activity. However note that if at a future time the property is to be connected it will attract a development contribution at building consent or at service connection.

3.4.2 Visitor Demand

The demand on the community assets and networks by visitors is significant and attributable. For engineering type assets such as roading, water and wastewater networks and infrastructure the extra demand can be calculated based on peak requirements in such periods as holidays, major conferences etc. The peak demand is taken as 100% occupancy of all accommodation and infrastructure and assets are sized accordingly. For community infrastructure, parks, and reserves more conservative HUE conversions are necessary as for instance few visitors may use the library but many will use the parks and museum. Visitor demand in these cases is taken on an activity and/or project basis using such information as is available at the time. (Refer Appendix G).

The effect of Bed and Breakfasts (B&Bs) is at present estimated as historically the control and hence collection of information about B&Bs was incomplete. This may change in the future as Council improves policy and procedure.

3.4.3 Non-Residential Applications

Non Residential Applications will include all activities except residential applications. For example business accommodation, industrial and the like. For non-residential consent applications HUEs may be calculated for each activity using one of the following methodologies:

- If demand is known (e.g. traffic movements, volume of water usage) then use the base units in Table 3-1 (as set out below in Section 3.4.3) to calculate the HUE.
- If demand is unknown, use the Gross Floor Area (GFA) conversions in Table 3-2 (as set out below in Section 3.4.3) to estimate the HUE.

The demand on services of any activity will be calculated based on an assessment of the demand when the activity is established and operational, not on the demand created temporarily during construction.

The following activities, will be assessed to determine the HUEs associated with the planned development:

Network Infrastructure

- Transport
- Water Supply
- Wastewater
- Land Drainage

Community infrastructure

- Town centre upgrades

- Public amenities (as appropriate)
- Parks and reserve facilities

Demand is Known

Table 3-1 summarises the demands of an average household unit, or HUE, for the activities in terms of base units.

Activity	Base Unit	Demand per HUE	Comments
Transport	Vehicle trips per day	8	Assume all light vehicles
Water Supply	m ³ per day	0.9 m ³	District Engineering Standards
Wastewater	m ³ per day	0.66 m ³	District Engineering Standards
Land Drainage	Impervious area	350 m ²	Assessed average impervious area per household unit
Community Infrastructure	Visitor Nights	1/(2.67 x 365)	Takes into account occupancy

Demand is Unknown

Table 3-2 summarises the conversion factors to convert the GFA of a non-residential building to an average household unit, or HUE.

Activity	Commercial	Industrial	Accommodation
	HUES per 10,000m ² Gross Floor Area (GFA)		HUE's per Visitor Night
Transport	9	9	0.001
Water Supply	16.2	16.2	0.001
Wastewater	10.8	10.8	0.001
Community Infrastructure			
	HUES per ha Impervious Surface Area (ISA)		
Land Drainage	0.29	0.29	0.29

3.4.4 Rural Land Uses

Residential developments in the rural area are treated the same as in the urban environment.

Each rural allotment will be assessed as having 1 HUE per residential dwelling on the property. Each additional

residential dwelling on a rural allotment will be assessed as an additional HUE.

The following activities, will therefore all be assessed as 1 HUE per additional dwelling:

Network Infrastructure

- Transport
- Water Supply (only if served)
- Wastewater (only if served)
- Land Drainage (only if the development lies within or upstream of a Land Drainage catchment)

Community infrastructure

- Facilities and activities on parks
- Public amenities

Non residential sheds and farm buildings associated with rural activities, which do not place additional demand on infrastructural services, will not incur a development contribution.

Industrial or commercial developments located in the rural area will be assessed for a contribution in accordance with either Sections 3.4 or 3.6.

Where the property is not planned to be connected to the Water Supply or Wastewater Network Infrastructure no charge will be made for that activity. However note that if at a future time the property is to be connected it will attract a development contribution at building consent or at service connection.

3.5 Credits

3.5.1 Historic Credits

Credit will be given for the pre-existing status of properties (prior to 1 July 2006) even if no previous financial or development contributions were paid. Credits will be associated with the existing title and calculated and assigned on a per activity basis. Note, however, if the property is not in an area of service it is not deemed to have any historic credit for that service.

General Principles

Residential credits shall be granted on the basis of the greater of 1 HUE per activity per existing allotment or 1 HUE per activity per existing dwelling unit.

Non-residential credits shall be granted on the basis of the number of HUEs calculated according to the actual existing development, if any. Such credits shall be calculated in terms of present day assessment methodology. These historic credits shall be assigned to the new allotments on a pro rata GFA basis. No credit HUEs will be allocated to undeveloped non-residential allotments existing at 1 July 2006.

Credit HUEs for all activities must be allocated to the same allotment or allotments.

3.5.2 Actual Credits

Where development contributions or financial contributions for a particular property have previously been assessed and paid, credit (HUE) shall be given for the particular activity. For the calculation of actual credits there is no historical time limit and all previous credits shall be taken into account.

3.6 Extraordinary Circumstances

Council reserves the discretion to enter into specific arrangements with a developer for the provision of particular infrastructure to meet the special needs of a development, for example where a development requires a special level of service or is of a type or scale which is not readily assessed in terms of HUEs.

If, at development stage, an application clearly has a significantly greater or lesser impact than that envisaged in the averaging implicit in the above methodology, a 'special assessment' may be called for at the Council's discretion. The applicant will be expected to provide supporting information and detailed calculations of their development's transport, water supply and wastewater demands in base units. Using the standard base unit/HUE conversions these estimates may then be converted to HUEs and charged accordingly.

For example, a 'traffic impact assessment' is a requirement for non-residential developments which may result in significant traffic effects as well as larger residential developments. It will usually be possible to compare the vehicle trips per day reported from this source with the Table 3-1. In any case, any particular land use such as, but not limited to the following may be deemed to fall into the special assessment category and the HUEs based on the impact assessment. For example for:

- Service stations with or without retail facilities
- Drive through fast food restaurants
- Bulk Floor Retail, Large Format Retail (or 'big box') developments
- Visitor Accommodation
- Learning institutes (with or without accommodation)
- Tourist industries and facilities
- Conference Centres

3.7 Summary

	Subdivision	Development
Residential	Per additional title: 1 HUE per activity	Per additional title or household unit including unit title type developments: 1 HUE per activity
Non-residential	Standard table of HUEs per activity in units of 100m ²	Standard table of HUEs per activity in units of 100m ²
Mixed Uses	To be assessed as above for the particular land use applied for.	
Special Category	On demand by Council. Applicant to provide detailed assessments of their development's transport, water supply or wastewater demands in 'base units' - using the standard base unit / HUE conversions these estimates may then be converted into HUEs and charged accordingly.	

3.8 Calculation of Development Contributions

For each infrastructural (transport, water supply, wastewater and Land Drainage) or community activity (Parks: community infrastructure) where development contributions are required, the amount payable will be calculated by multiplying the development contributions per HUE by the number of HUEs. Developers will, however, receive a historic credit for any entitlement existing prior to the proposed development, reflecting existing demand on services.

3.8.1 Residential Development

Step 1 – Catchment	Go to Appendix B and check which catchment the development lies within.
Step 2 – Pricing Schedule	Go to the Development Contributions Schedule (Appendix A) and identify the fees payable per HUE for the catchment for each activity.

Table 3-4 Process for Determining Development Contribution Charge – Residential Development	
Step 3 – Existing Entitlement (Historic Credits)	<p>Determine any credits/debits applicable to the residual title.</p> <p>For subdivisions (where the residual lot remains residential) the existing title will have a full historic credit meaning no development contribution is payable on the residual title.</p> <p>Where a second (residential) dwelling is created on an existing title the existing dwelling will have a full historic credit meaning no development contribution is payable on the existing dwelling.</p> <p>Note, each dwelling (irrespective of size) is deemed to be one HUE. Therefore additions to existing residential dwellings (for residential purposes) will therefore attract no development contribution charge.</p>
Step 4 – Confirm requirement to charge	There will be a development contribution on any additional titles created by subdivision or any additional dwelling(s) created in the absence of subdivision.
Step 5 – Number of HUES per activity	In residential development there is 1 HUE per additional lot or additional dwelling created, per activity.
Step 6 – Charge	For each activity multiply the number of HUE (Step 5) by the fees payable (Step 2). Sum the results for each activity to achieve the total charge and add GST of 12.5%.

3.8.2 Non-Residential Development

Table 3-5 Process for Determining Development Contribution Charge – Non Residential Development	
Step 1 – Catchment	Go to Appendix B and check which catchment the development lies within.
Step 2 – Pricing Schedule	Go to the Development Contributions Schedule (Appendix A) and identify the fees payable per HUE for the catchment for each activity.

Table 3-5 Process for Determining Development Contribution Charge – Non Residential Development	
Step 3 – Existing Entitlement (Historic Credits)	<p>Determine any credits/debits applicable to the residual title.</p> <p>Where additional floor area is created on an existing title the existing floor area (if any) will have historic credits based on the planned use at the time of application of the original building consent. These credits are likely to be different for each activity.</p>
Step 4 – Confirm requirement to charge	There will be a development contribution on any additional titles created by subdivision or additional building GFA created in the absence of subdivision.
Step 5 – Number of HUES per activity	Determine the number of HUES per activity using the appropriate method defined in Section 3.4.3. Reference also Appendix G.
Step 6 – Charge	For each activity multiply the number of HUE (Step 5) by the fees payable (Step 2). Sum the results for each activity to achieve the total charge and add GST of 12.5%.

3.9 Timing and Collection of the Development Contribution

3.9.1 Assessment of Development Contributions

General

Under Section 198 of the LGA 2002 Council can apply a development contribution upon the granting of:

- A resource consent (subdivision or landuse)
- A building consent
- An authorisation for a service connection.

Development contributions will be calculated and invoiced at the earliest opportunity. Council recognises however that large subdivisions are likely to develop in stages.

Council will, therefore, generally assess contributions at the subdivision consent stage.

Determination of Land use

When Council assesses a development contribution at subdivision consent stage, the expected dominant nature of activities authorised by any existing land use consent for the site and/or, in the underlying environment or zone, will determine the type of development contribution payable.

Changes in Land use

If a subsequent land use consent changes the nature of activities previously envisaged, the development contribution will be reassessed. Where this is not possible, the development contribution will be assessed at the next stage in the consent process (i.e. at the building consent stage, or at the service connection stage on residential and rural development, only where additional units of demand are created in the absence of subdivision).

Additional Household Units

While generally development contributions will be assessed at subdivision consent stage, Council's experience is that occasionally additional demand is created by additional household units on land already subdivided. In such cases, as a matter of equity, Council will assess and seek the appropriate development contribution at the building consent stage. If additional units of demand are created in the absence of subdivision or outside of the building consent stage Council will require a development contribution at service connection stage.

3.9.2 Payment of Development Contributions

In line with Appendix H (Schedule of events that will give rise to a requirement for a Development Contribution) payment of a development contribution shall occur prior to the earlier of:

- The issuance of the Section 224 completion certificate under the Resource Management Act 1991;
- Within 180 days of issuance of building consent under the Building Act 1991; or prior to the issuance of the Code of Compliance certificate.
- On the granting of a land use consent for an activity/development that will attract a Development Contributions and does not require a subdivision/building consent, if a subdivision and/or building consent will be required, then the timing of payment will be at subdivision or building consent stage, whichever is the earliest.
- An authorisation for a service connection.

Note: Further recalculation of the development contribution payable will occur if payment is not received within twelve months of the issuing the assessment. Table 3-6 summarises these milestones

Table 3-6 Timing of Development Contributions Milestones – Residential and non-Residential Applications	
Action	Timing of Action
Assessment of the Development Contribution	On granting: 1. Subdivision Consent 2. Land Use Consent 3. Building Consent 4. Authority to make service connection

Table 3-6 Timing of Development Contributions Milestones – Residential and non-Residential Applications	
Action	Timing of Action
Payment of the Development Contribution	1. Before issue of 224 (c) Certificate; or 2. Within 180 days of issuance of Building Consent; or Prior to issuance of Code of Compliance certificate (which ever is the earlier) 3. On granting of a land use consent that does not require a subdivision/building consent if a subdivision and/or building consent will be required, then the timing of the payment will be at subdivision or building consent stage, (whichever is the earlier). 4. On issue of authority to make service connection.

Non-Residential Applications

Where an application for subdivision or land use consent is lodged with accurate information on the proposed GFA and demand (in HUEs) for Council services, the development contribution payable will be calculated and invoiced using the processes described above.

Where an application for subdivision consent is lodged in the absence of a land use consent, or where no information on the GFA proposed for each site is provided with an application for either subdivision or land use consent, it is difficult and impractical to calculate the demand created by the development in terms of HUEs. In this circumstance Council will make an estimate of the likely GFA for calculation purposes, based on the maximum potential building coverage. Council recognises that it would be inequitable to charge the entire development contribution based on estimates. However, Council is also conscious that development contribution charges should not be unfairly passed on to future potential purchasers of subdivided sites.

The components of the development contribution charges applying are based on the maximum GFA potential of the site(s). At the time the subdivision or land use consent is issued 25% of the estimated development contribution payable will be assessed. This 25% assessment will be payable prior to issuance of a s.224(c) certificate.

Note the development contribution charges will be further assessed on all future developments on that site. The initial 25% development contribution will be treated as a credit.

3.9.3 Enforcement Powers

If payment of a development contribution is not received Council will use the powers outlined in Section 208 LGA 2002. Those provisions state that until a development contribution required in relation to a development has been paid or made under Section 198, a territorial authority may:

- (a) in the case of a development contribution required under Section 198(1)(a), -
- Withhold a certificate under Section 224(c) of the RMA 1991.
 - Prevent the commencement of a resource consent under the RMA 1991.
- (b) in the case of a development contribution required under Section 198(1)(b), withhold a code compliance certificate under Section 95 of the Building Act 2004.
- (c) in the case of a development contribution required under Section 198(1)(c), withhold a service connection to the development.
- (d) in each case, register the development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the development contribution was required.

3.10 Remission, Reductions and Refunds

As a general rule, except in extraordinary circumstances, remissions, reductions and refunds will not be granted.

At the request of an applicant, the development contributions required on a development may be considered for remission, review or refund.

3.10.1 Consideration for Remission

A remission is an adjustment to the scheduled charge for a particular activity and development contribution area as a percentage or in dollar terms. Generally it is expected there will be few remissions. Remissions will only be invoked as a resolution of Council.

Remission (in whole or in part) of development contributions may be allowed in the following circumstances:

- The development creates no additional HUEs.
- A contribution has already been paid for the same service.
- Development contributions applicable to a particular development are deemed by Council to be excessive for any other reason. This catchall is inserted because Council recognises that there may be situations not envisaged at the time this Policy was established that justify remission. However, where units of demand are created it would only be in exceptional circumstances that Council would accept that a remission is justified. Examples where remission applications may be appropriate are as follows:
 - Strategic economic development projects that address selected high priority strategic actions developed by the Council from time to time.
 - Notified Resource consent applications that were heard by Council before 1 July 2006, but for which no written decision was available as at 1 July 2006. In this circumstance a remission would only reduce

the contribution to the amount payable under the Financial Contributions Section of the District Plan. The remission would not apply to any service where a separate development agreement would ordinarily have been required by Council.

3.10.2 Reductions

A reduction is an adjustment to the HUEs assessed for a consent application. A reduction will only be considered as part of a review requested by an applicant.

3.10.3 Review Procedures for Remissions and Reductions

Any request for remission or reduction shall be made by notice in writing to Council within 15 working days after Council has advised in writing the development contributions required on the development, and from the applicant to Council, and before development contributions required on the development are made or paid. Council will not allow remissions retrospectively.

Any claim for a reduction or remission would have to be adequately motivated and justified by the applicant and shall set out reasons for the request.

In undertaking the review:

- Council shall as soon as reasonably practicable consider the request
- Council may determine whether to hold a hearing for the purposes of the review, and if so, give at least 5 working days notice to the applicant of the commencement date, time, and place, of that hearing
- Council may, at its discretion, uphold, reduce, postpone or cancel the original amount of development contributions required on the development and shall communicate its decision in writing to the applicant within 15 working days of any determination or hearing

Where Council decides to consider a request for remission or reduction the following matters will be taken into account:

- The Development Contributions Policy
- The contributions model
- Council's funding and financial policies
- The extent to which the value and nature of works proposed by the applicant reduces the need for works proposed by Council in its capital works programme
- The level of existing development on the site.
- Development contributions paid and/or works undertaken and/or land set aside as a result of:
 - Development contributions
 - Agreements with Council
 - Financial contributions under the RMA
- Any other matters Council considers relevant.

In any case, Council retains the right to uphold the original amount of development contributions levied on any particular development.

Any agreed outcome will be recorded in a private development agreement.

3.10.4 Postponements

For the purposes of this Policy postponements on payment of a development contribution will not be applied.

3.10.5 Refunds

The refund of money and return of land will occur in accordance with Sections 209 and 210 of the LGA 2002, in the following circumstances:

- if a resource consent lapses or is surrendered
- if a building consent lapses
- if the development or a building in respect of which a resource consent or building consent was granted does not proceed
- if Council does not provide any reserve network infrastructure or community infrastructure for which a contribution has been made or paid within 10 years of that contribution being received. For the avoidance of doubt, Council will not refund a contribution where a specific project does not proceed except when the service for which the contribution was taken is not provided.

Any refunds will be issued to the current consent holder for the development to which they apply.

The amount of any refund will be the contribution paid, less any costs already incurred by the Council in relation to the development or building and its discontinuance.

The refund would exclude any costs already incurred by Council, but may include any interest earned depending on the circumstances of the case.

4. Other Matters

4.1 Private Development Agreements

Where it is in the best interests of all parties (Council, the community and the developers), the Council may enter into a Private Development Agreement with a Developer. This agreement must clearly state the Development Contributions Policy departures from the standard process and calculation, and the reasons for entering into the agreement.

4.2 Council Developments and Development Contributions

Council will pay Development Contributions on any Council commercial activity.

4.3 Goods and Services Tax (GST)

The total end-to-end process for calculation of Development Contributions is exclusive of GST. Once all the calculations are complete, GST shall be added to the final invoice as required by the legislation and/or regulation of the day.

4.4 Review Process

An applicant for a resource consent, building consent or service connection may at any time enquire as to why their application was subject to development contributions, why a particular contribution value was assessed, or any other matter relating to the development contributions.

An applicant may also seek a review. Any such request must be made in writing within 20 working days of the Council advising that a development contribution is required. The request must clearly state the site and specific application subject to the contribution, the particular contribution(s) to be reviewed, and any matters the applicant would like the Council to take into consideration when undertaking the review.

The applicant will be advised within 20 working days, of receipt of a written request for a review, of the result of the review. If as a result of the review the request is to be referred to a Council committee for further consideration, the applicant will be given 5 working days notice of the date, time and venue of that committee meeting.

NOTE: It is important to note that this review process is similar to that for remission of rates and there is no right to a hearing similar to that for a condition of a resource consent.

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

4.5 Exemption - Boundary Adjustments

Where a consent is granted for a boundary adjustment, and no new titles are created, and no additional demand on services are created then development contributions will not be assessed.

4.6 Applications to Vary Consents or the Conditions of a Consent

Where applications are granted to vary consents or the conditions of consents, which would result in change to household unit equivalents, gross floor area or impervious surface area (to the extent of the variation), then these will be considered, for the purposes of Development Contributions, to be the granting of new consents and revised assessments will be issued.

4.7 Service Connections

Council will continue to collect service connection fees in accordance with current practice and the LGA 2002 for the following assets:

- Water supply connection
- Land Drainage connection
- Wastewater connection
- Vehicle Crossing

5. Significant Assumptions

Throughout the entire process of determining Development Contributions the Council has used the best available information. As more accurate or up-to-date information becomes available it will be used.

Any significant updates that would cause a change to the contribution will be held over until the next review of the Development Contributions Policy or Schedule at annual plan time. If the effect of the update would be to reduce the maximum contribution it may be introduced by simple notification.

Planning Horizons

A 10 year timeframe is being used as a basis for forecasting growth and applying a development contribution. This is consistent with Council's activity management planning horizons. Note however planning horizons for infrastructure may be beyond this period and influence the capital projected during the 10 year time frame.

Growth

Council has had to make the best assumptions it can regarding the anticipated growth of the District and these are still within the tolerance expected by the growth model at the current level of available growth data.

Capital Works

In order to support the anticipated growth Council has assumed that a reasonable capital works programme will be necessary. If the growth rates alter it is most likely that the capital works programme will be re-sequenced rather than dramatically changed in some other way.

Third Party Funding

While these are subject to change over time, Council has assumed that the funding policies of agencies such as Land Transport New Zealand will remain the same for the period of the Ten Year Plan.

Interest Rates

The interest rates used within the Development Contributions Funding Model are those defined in the budget assumptions for the Ten Year Plan. While interest rates are subject to fluctuation and are reviewed annually, these are reasonable assumptions over the periods of the Ten Year Plan.

Key Risks/Effects

There is a risk that the growth and uptake predictions in the growth model will not eventuate, resulting in a change to the assumed rate of development. However, modelling suggests that the impact of any change to the growth projections on the total development contribution charge for each HUE would be minor. Council will continue to monitor the rate of growth and will update assumptions in the growth and funding models as required.

There is also a risk that the lag between expenditure incurred by Council and contributions received from those undertaking developments is different from that assumed in the funding model, and that the costs of capital are greater than expected. This would result in an increased debt servicing cost and could also result in increased depreciation costs for future ratepayers. Council will continue to monitor the rate of growth and will update assumptions in the growth and funding models as required.

Appendix A

DC Schedule of Fees and Charges

Network Infrastructure

Activity	Catchment	Development Contribution per HUE (excluding GST)
Water Supply	Central Urban Area & basin	\$1,864.99
	Hamurana & basin	\$1,807.57
	Rotoma	\$999.82
	Reporoa	\$235.35
	* Mamaku	\$2,325.12
	Gisborne Point/Hinehopu (Rotoiti)	\$175.13
	Kaharoa	0
Land Drainage & Stormwater	Central Urban Area	\$337.34
Roading	District Wide combine	\$2,414.80
Waste Water	Central Urban Area & basin	\$5,224.36
	Duxton & Basin	\$8,540.25
	Mourea & basin	\$13,989.18
	Okawa Bay & basin	\$12,332.67

Community Infrastructure

Activity	Catchment	Development Contribution per HUE
Public Amenities	District Wide	\$945.55
Parks and Reserves	District Wide	\$2,003.56

Figures will be adjusted from time to time in accordance with the Development Contributions Policy.

General Comment

The DC Schedule and charges needs to be reviewed in line with any changes to the capital expenditure.

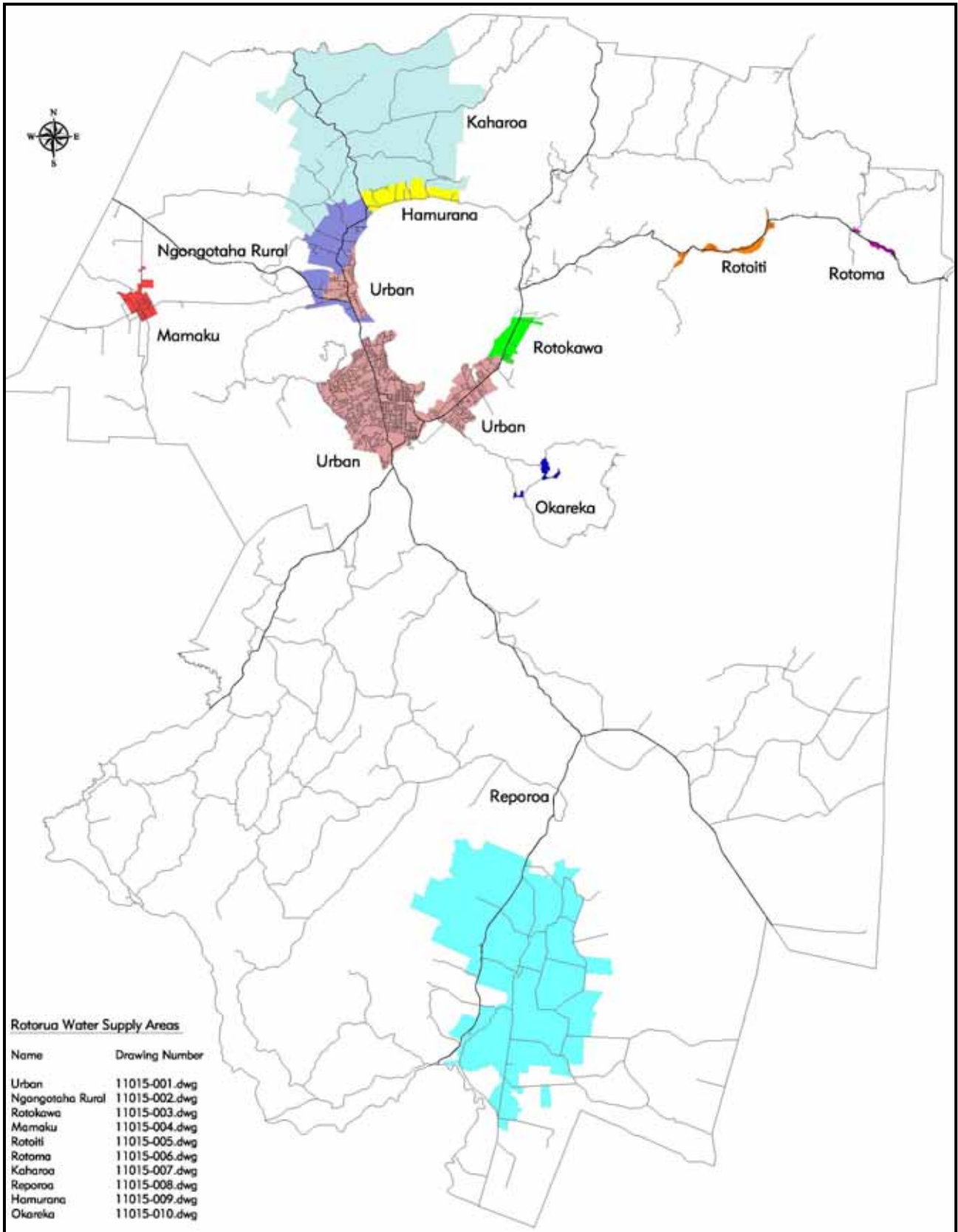
Appendix B

Catchment

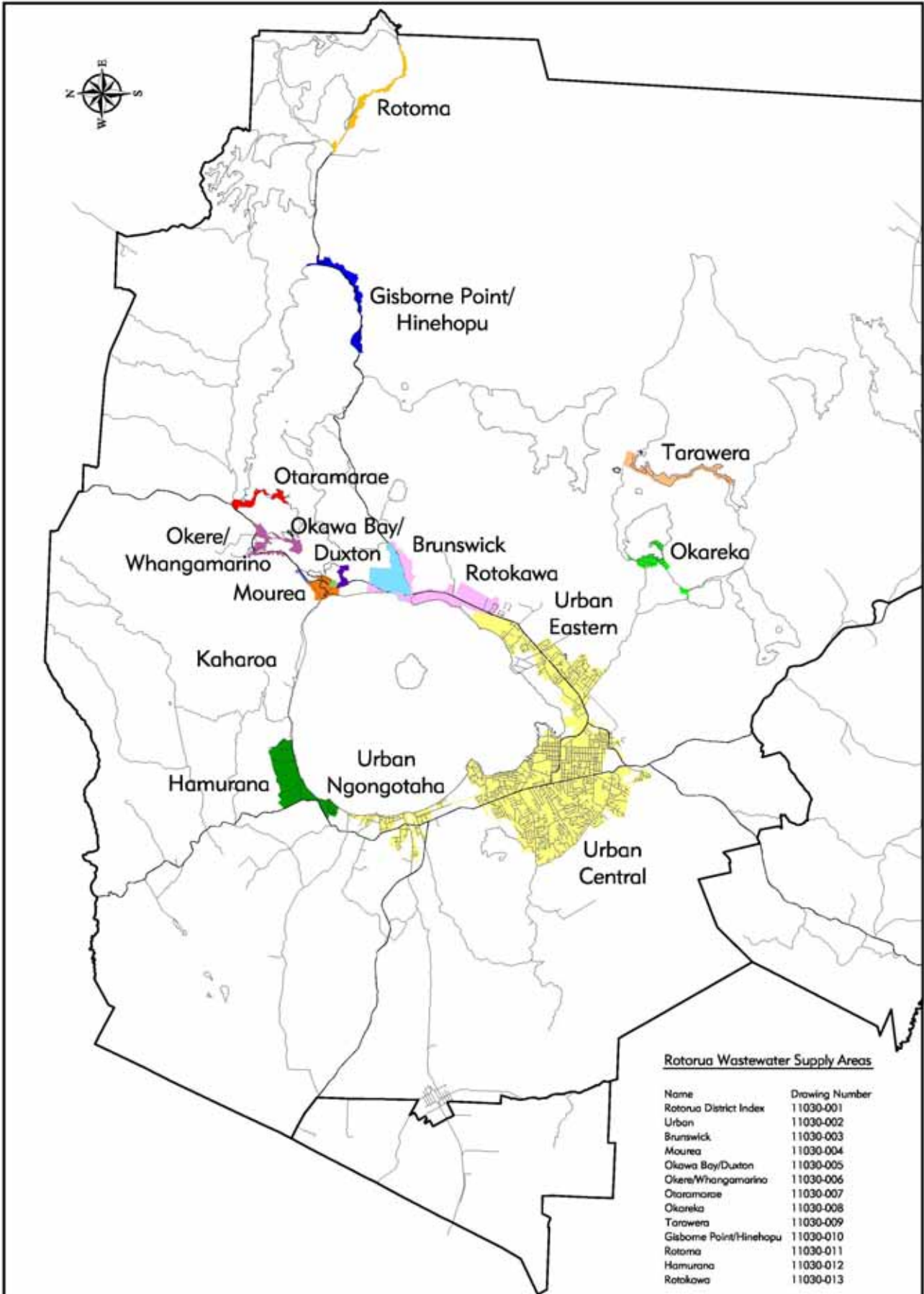
Map 1 Infrastructural Service Catchments: Water Supply (overleaf)

Map 2 Infrastructural Service Catchments: Wastewater (overleaf)

Map 1 Infrastructural Service Catchments: Water Supply



Map 2 Infrastructural Service Catchments: Wastewater



Appendix C

R16.3 FINANCIAL CONTRIBUTION RULES FOR SUBDIVISION AND DEVELOPMENT

R16.3.1 Introduction

Subdivision and development are subject to financial contributions in accordance with the following Rules and the provisions of **Appendix U** and **Appendix W**. Section 108(9) of the *Resource Management Act 1991* defines financial contribution as money, land, works or services. A number of categories of financial contribution apply to subdivision and development.

The first category, outlined in **R16.3.2**, comprises financial contributions for reserves and heritage purposes.

The second and third categories, outlined in **R16.3.3** and **R16.3.4**, comprise the minimum engineering requirements for subdivision and development respectively. Council considers that subdividers and developers should provide, those works and services necessary to ensure the efficient functioning of their subdivision and development. A contribution may include requirements relating to the formation of building sites, earthworks, roads and landscaping, access ways, private ways, sanitary and stormwater drainage, water supply, and all ancillary works and services within or appurtenant to the subdivision and/or development.

The fourth category, outlined in **R16.3.5**, specifically relates to identified service lane and road widening requirements which will be imposed as a financial contribution on applications for subdivision or development.

The fifth category, outlined in **R16.3.6**, comprises upgrading contributions for subdivision and development and may include the formation of an unformed road, the upgrading of a formed road where the activity is likely to generate additional traffic, or the upgrading of an undersized sanitary sewer, water main or stormwater drain.

Rule **R16.3.7** lists miscellaneous matters regarding financial contributions for the engineering requirements, service lanes and road widening, and upgrading contributions.

R16.3.2 FINANCIAL CONTRIBUTIONS FOR RESERVES AND HERITAGE PURPOSES

Appendix U provides the method of calculation for financial contributions for reserves and heritage purposes and also specifies the maximum value of the financial contribution.

R16.3.2.1 GENERAL

All subdivision and development will be subject to the Rules for financial contributions for reserves and heritage purposes.

The Objectives, Policies and Rules for requiring a financial contribution are contained in **Part Eleven**.

At Council's discretion and as outlined in **Part Eleven**, land may be required for esplanade reserves, heritage protection or local purpose reserves and in some situations works may also be required, for example for landscaping.

R16.3.2.2 RULES APPLICABLE TO DEVELOPMENT FOR ESPLANADE RESERVES AND STRIPS

In accordance with **u1.3.5** of **Appendix U**, Council will require the vesting of esplanade reserves and/or creation of esplanade strips upon a development proposed on lots or lease areas adjoining a lake or river as defined in Section 2 of the *Resource Management Act 1991*.

R16.3.3 FINANCIAL CONTRIBUTIONS - MINIMUM ENGINEERING REQUIREMENTS FOR SUBDIVISION

Note: The Performance Standards for the following Rules **R16.3.3.1** to **R16.3.3.9** are contained in **Appendix W**. Various methods may be used to satisfy these Performance Standards. However compliance with the *Rotorua District Council Engineering Code of Practice* is deemed to satisfy the particular Performance Standards listed.

The maximum level of the financial contribution for minimum engineering requirements is the total cost of providing these requirements in accordance with the Performance Standards outlined in **Appendix W**.

R16.3.3.1 EARTHWORKS AND FOUNDATIONS

Every lot or lease area within the subdivision shall have a foundation suitable for any intended activity, which will be free from inundation, erosion, subsidence and slippage.

R16.3.3.2 ROADING AND LANDSCAPING

Roads or other means of access approved by Council shall be provided to all lots and lease areas within a subdivision. Large lot subdivision (ie. subdivision into lots or lease areas that may be further subdivided in accordance with the Rules of this Plan) within the Residential Zones, shall also make provision for satisfactory access to future potential residential lots.

Every lot that does not have frontage to an existing road or private road shall have a frontage to a road or private road to be provided by the owner(s) which will give vehicular access to that lot from an existing road or private road.

Notwithstanding the above, Council may approve an application for subdivision in any of the following situations:

- Where Council considers that vehicular access is unnecessary, it may approve access to any lot or lease area by foot only;
- Where Council considers that because of the topographical nature of the land vehicular access is impractical, it may approve access to a lot or lease area by foot only;
- Where Council is satisfied that adequate access to the lot or lease area is provided over other land pursuant to an easement of right of way.

Note: The Memorandum of Transfer or Easement Certificate must provide for and detail maintenance standards, cost sharing provisions, and means of arbitration.

In addition:

- (a) The subdivider shall form and completely construct a proposed road as shown on the scheme plan to the required Council standard, and to enable the proposed road to carry the predicted traffic loadings. This may include providing pedestrian and cycle facilities, drainage, landscaping, and planting;
- (b) The subdivider shall form and construct a carriageway over every proposed private way and private road as shown on the scheme plan.
- (c)
 - (i) No private way or private road in the Rural A Zone which services more than four potential lots (based on the minimum lot size) shall exceed 500 metres in length.
 - (ii) No private way or private road in the Rural B, D or E Zone which services more than four potential lots (based on the minimum lot size) shall exceed 200 metres in length.
- (d) The subdivider shall set aside within the road reserve areas of land for the purpose of landscaping and street tree planting to the satisfaction of Council.

R16.3.3.3 STORMWATER

The subdivider shall provide a satisfactory system for the collection, treatment and disposal of stormwater from the proposed roads, private ways, access ways, reserves and from all lots, lease areas and building sites within the subdivision.

R16.3.3.4 SANITARY SEWERAGE

The subdivider shall provide for the satisfactory disposal of sewage from each lot, lease area and building site within the subdivision.

R16.3.3.5 WATER SUPPLY

The subdivider shall provide a satisfactory water supply to all lots, lease areas and building sites within the subdivision.

R16.3.3.6 ELECTRICITY SUPPLY

The subdivider shall make suitable arrangements for the reticulation of an electric power supply for every lot, lease area and building site within the subdivision.

R16.3.3.7 GAS SUPPLY

The subdivider shall make suitable arrangements for the reticulation of a gas supply for every lot, lease area and building site within the subdivision, where existing gas reticulation is available within 100 metres of the subdivision.

R16.3.3.8 TELEPHONE SERVICES

The subdivider shall make suitable arrangements for the reticulation of a telephone service and other telecommunication services for every lot, lease area and building site within the subdivision.

R16.3.3.9 ACCESS WAYS AND PRIVATE WAYS

The minimum access and formation widths for access ways and private ways serving household units shall be provided in accordance with the following table:

NUMBER OF POTENTIAL HOUSEHOLD UNITS	ACCESS WIDTH	FORMATION WIDTH
1	3.0m	2.5m
2	3.0m	3.0m
3 – 4	4.5m	4.0m
5 - 8	6.0m	5.0m
More than 8 household units may not share private access		

For other access ways and private ways, see **Appendix W**.

R16.3.4 FINANCIAL CONTRIBUTIONS - MINIMUM ENGINEERING REQUIREMENTS FOR DEVELOPMENT

Note: The Performance Standards for the following Rules **R16.3.4.1** to **R16.3.4.8** are contained in **Appendix W**. Various methods may be used to satisfy these Performance Standards. However compliance with the *Rotorua District Council Engineering Code of Practice* is deemed to satisfy the particular Performance Standards listed.

The maximum level of the financial contribution for minimum engineering requirements is the total cost of providing these requirements in accordance with the Performance Standards outlined in **Appendix W**.

R16.3.4.1 EARTHWORKS AND FOUNDATIONS

Every building within the development shall have a foundation suitable for its intended use, free from inundation, erosion, subsidence and slippage.

R16.3.4.2 ROADING

Roads or other means of access approved by Council shall be provided to all buildings within the development. However, Council may approve the development where it is satisfied that adequate access to the development is provided over other land pursuant to an easement of right of way.

The developer shall:-

- (a) form and completely construct and drain all proposed roads, parking and turning areas; and
- (b) form and construct a carriageway over every proposed private way and private road.

Note: The Memorandum of Transfer or Easement Certificate must provide for and detail maintenance standards, cost sharing provisions and means of arbitration, in cases of easements of rights of way.

R16.3.4.3 STORMWATER

The developer shall provide a satisfactory system for the collection, treatment and disposal of stormwater from the development.

R16.3.4.4 SANITARY SEWERAGE

The developer shall provide for the satisfactory disposal of sewage from the development.

R16.3.4.5 WATER SUPPLY

The developer shall provide a satisfactory water supply to the development.

R16.3.4.6 ELECTRICITY SUPPLY

The developer shall make suitable arrangements for the reticulation of electric power to the development.

R16.3.4.7 TELEPHONE SERVICES

The developer shall make suitable arrangements for the reticulation of telephone and other telecommunication services to the development.

R16.3.4.8 BONDS

Council may require the developer or owner(s) to enter into a bond for the due compliance with the above requirements which would be arranged prior to the uplifting of a building consent, where the above requirements involve off-site works or affect the existing public road or service infrastructure.

R16.3.5 FINANCIAL CONTRIBUTIONS - SERVICE LANES AND ROAD WIDENING

In the case where land is vested for service lane or road widening the maximum level of the financial contribution will be in accordance with the identified service lane and road widening requirements listed or described in **Appendix N** and **Appendix D** respectively. In addition any costs associated with the vesting of the service lane or road widening will form part of the maximum financial contribution in accordance with the provisions of **Part Twelve**.

R16.3.5.1 Subject to **R12.6** and **R12.7** of **Part Twelve**, Council will require the vesting of land for service lanes or road widening upon subdivision or development of lots or lease areas with identified service lane or road widening requirements listed or described in **Appendix N** and **Appendix D** respectively.

R16.3.6 FINANCIAL CONTRIBUTIONS - UPGRADING REQUIREMENTS FOR SUBDIVISION AND DEVELOPMENT

The maximum level of the financial contribution for upgrading will be limited to the works necessary to meet the additional loading on the infrastructure caused by the subdivision or development, as determined by Council.

R16.3.6.1 ROADING

For the purpose of forming, diverting, or upgrading any existing road or forming any new road because of new or increased traffic owing to the subdivision or development of any land, Council may, as a condition of approval of a scheme plan or development, require the owner(s) to:

- (a) pay, or enter into a binding contract to pay, to Council a fair and reasonable contribution towards the cost of forming or upgrading roads or parts of roads within or adjacent to the subdivision or development or of any other land in the same ownership. Such forming and upgrading shall be carried out to a state or standard as determined by Council. Alternatively Council may require the owner(s) to carry out, or enter into a binding contract to carry out, that work;

and/ or,

- (b) dedicate a strip of land in the same ownership for the widening of any road.

The above requirements shall be limited to the extent to which the road serves or is intended to serve the subdivision or development.

R16.3.6.2 UPGRADING PARAMETERS FOR ROADING

- (a) Each household unit will be deemed to generate 6 vehicle movements per day (v.p.d.).
- (b) All existing roads directly serving the subdivision or development shall be formed and sealed when required to carry in excess of 70 v.p.d., except that metalled cul-de-sacs or cul-de-sac ends less than 300m in length shall also be formed and sealed even though assessed traffic volumes may be less than 70 v.p.d.
- (c) Where contributions towards footpath, kerb and channel and berm formation are required, the contribution shall be at the rate of 50% of the total estimated cost.

R16.3.6.3 WATER SUPPLY AND DRAINAGE

Council may, as a condition of its approval of the scheme plan or development, require the owner(s):

- (a) where an existing public water supply system or drainage system is available, to service the subdivision (being a system within or contiguous to the land in the subdivision) -

to pay, or enter into a bond to pay, to Council such amount as Council considers fair and reasonable for or towards the cost of upgrading the said system.

- (b) where any such system is not available, but is likely to be available within a period of five years, to pay, or enter into a bond to pay, Council such amount as Council considers fair and reasonable for or towards the cost of providing water, drainage, electricity or gas connections from that system to the subdivision or to any lots in the subdivision.

R16.3.6.4 UPGRADING PARAMETERS FOR WATER SUPPLY AND DRAINAGE

Unless otherwise provided for, the upgrading contribution required towards the cost of upgrading a service will be the total cost of upgrading such service to serve for the subdivision or development in accordance with the Performance Standards of **Appendix W**.

R16.3.7 MISCELLANEOUS FINANCIAL CONTRIBUTION REQUIREMENTS FOR SUBDIVISION AND DEVELOPMENT

R16.3.7.1 SHARING OF COST OTHER THAN UPGRADING CONTRIBUTIONS

The provisions of **R16.3.6**, with the exception of **R16.3.6.2(c)**, do not define a basis for the sharing of the cost

of services between the subdivider or developer and Council. The share of the cost to be met by the subdivider or developer will be determined by Council at the time of scheme plan or development approval.

Council's share and upgrading costs are required to be included in the Annual Plan process which may delay provision of the appropriate service and implementation of the subdivision or development. The subdivider or developer may elect to proceed with such works at their cost.

R16.3.7.2 ENGINEERING INSPECTION FEES

To cover the cost of the inspection by Council of the Engineering Plans and Specifications, and the cost of inspection of construction, the subdivider or developer shall pay the following fees:

- (a) 1% + GST of the value of the works inspected and approved based on a schedule of quantities and estimated rates to be submitted by the subdivider or developer; or
- (b) A minimum fee as determined by Council.

All estimated rates must be fair and reasonable.

R16.3.7.3 EASEMENTS FOR PUBLIC SERVICES

All easements necessary for public services and batters, or where required by Council, are to be granted by the subdivider or developer.

R16.3.7.4 DISCHARGE PERMITS

All discharge permits shall be obtained by the subdivider or developer in their name.

R16.3.7.5 WORKS IN RESERVES, DOMAINS OR PRIVATE LAND

Wherever any works are to be constructed within a reserve or domain vested in Council, the subdivider or developer shall obtain the approval of Council. In the case of private property, written permission of both the owner(s) and the occupier(s) shall be obtained and submitted to Council along with the engineering plans. Upon completion of the works and prior to the issue of a completion certificate in the case of a subdivision, written confirmation of the property owner's satisfaction with reinstatement works shall be provided.

Drains laid on private property other than that owned by the subdivider, are subject to Section 445 of the *Local Government Act 1974* and only Council is empowered to serve the statutory notifications, etc. required. All costs involved in the serving of notices, hearing of objections and any other consequential expenditure shall be met by the subdivider or developer.

R16.3.7.6 VARIATION OF REQUIREMENTS

Any variation from the requirements which may be necessary to meet particular circumstances must be referred to Council

for specific approval and will be assessed as a Non-Complying Activity. Any reduction in standards must receive the approval of Council prior to being incorporated in plans and specifications for subdivision or development.

R16.3.7.7 COMMENCEMENT OF WORKS

On no account shall any engineering works be commenced on any subdivision or development until after the engineering plans and specifications have been approved and satisfactory notice of the works has been given to Council.

Works carried out without satisfactory notification and works not inspected will not be accepted by Council.

R16.3.7.8 TESTING

Any works required to be tested by, or in the presence of, a Council officer shall be pre-tested and proved satisfactory by the subdivider's or developer's representative before any request is made for official testing. The costs of any re-testing required (should the particular section of work under test, fail to pass the test on the first occasion) and for all Benkelman Beam testing will be charged to the subdivider in addition to the fees payable under **R16.3.7.2**.

R16.3.7.9 THERMAL GROUND

Council may impose specific requirements applicable to any subdivision or development in thermal areas. Subdividers and developers are urged to have early consultation with Council Officers before proposing any works in thermally active areas.

R16.3.7.10 INSURANCE - THIRD PARTY LIABILITY

Where the subdivider or developer carries out works on a road, or any other land not owned by the subdivider or developer, the following insurance provisions will apply:

- (a) the subdivider or developer or his/her representative will be responsible to ensure that insurance is taken out or held in the joint names of the subdivider or developer and Council. This insurance shall be of the third party/public liability type, for a minimum amount of two million dollars;
- (b) the Policy will be extended to cover all insurable risks normally applicable to subdivision or development works; and
- (c) the Policy shall have attached thereto either:
 - (i) a cross liabilities/joint insured's clause; or
 - (ii) appropriate wording which states that the Policy will be construed as though a separate Policy has been issued to each of the joint insured's.

Appendix D

Schedule of Past Projects with Residual Capacity

The following is a summary of the total cost and 'Net Growth' component of selected past projects with residual growth capacity that have been included in the calculation of the Development Contribution.

Schedule of Past Projects with Residual Capacity						
Activity	Project	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
		\$000				
Waste-water	Okawa Bay - Total Cost				443	273
	- Growth Component				8	5
Waste-water	Mourea - Total Cost			435	2,445	1,505
	- Growth Component			45	251	154
Waste-water	Duxton - Total Cost				195	293
	- Growth Component				24	36

Notes:

All dollar amounts are in actual dollars expended exclusive of GST.

A detailed breakdown is available.

The capital expenditure listed above does not include the expenditure required for Parks: reserve land.

The growth portion of capital expenditure to support the growth population from 1 July 2004 will be funded from development contributions. No part of the growth portion of capital expenditure to support the growth population from 1 July 2004 will be funded from financial contributions.

Backlog and renewal portions of capital expenditure budgets will not be funded from development contributions.

The calculations and documentation supporting the above projects are available for examination at the offices of Rotorua District Council.

Appendix E

Capital Expenditure Related to Growth

The following is a summary of the 'Net Growth' component of projects included in the Ten Year Plan and planned for implementation in the period 2006/07 to 2015/16 that have been included in the calculation of the Development Contribution.

Schedule of Planned Projects with Capacity to Support Growth							
Activity	Project	Total Cost \$ 000	External Funding \$ 000	Backlog \$ 000	Renewal \$ 000	Unallocated \$ 000	Growth \$ 000
Public Amenities	Civic Theatre Redevelopment	\$1,500		\$1,154	\$346		
Public Amenities	Energy Events Centre	\$25,100	\$18,600	\$4,186			\$2,314
Public Amenities	Library Expansion	\$1,000	\$300	\$170			\$530
Public Amenities	Centennial Development Expansion - Rotorua Museum	\$13,795	\$13,295				\$500
Land Drainage and Stormwater	Stormwater Upgrading - Catchment 15	\$2,000		\$1,587			\$413
Land Drainage and Stormwater	Stormwater Upgrading - Catchment 19	\$2,500		\$2,069			\$431
Parks and Reserves	Aquatic Centre - Expansion	\$3,150		\$703			\$2,447
Parks and Reserves	Boatrap and Jetty Upgrades	\$523		\$349			\$174
Parks and Reserves	Parklands Development - Kuirau Park	\$1,421		\$203	\$45		\$1,173
Parks and Reserves	Cemetery Development	\$580					\$580
Parks and Reserves	Ngongotaha Reserves Development	\$997		\$399	\$9		\$589
Parks and Reserves	New Playgrounds	\$240		\$120			\$120
Parks and Reserves	Sportsfield Development - Westbrook	\$835			\$16		\$819
Roading	Development assistance	\$500					\$500
Roading	Ti street Deviation	\$3,000	\$1,680	\$471			\$849
Roading	Victoria Street Expressway	\$22,224	\$12,495		\$150	\$803	\$8,776
Roading	Lake Road 4-laning	\$4,094	\$2,314	\$217	\$520		\$1,043
Roading	Malfroy/Ranolf Roundabout	\$1,084	\$614	\$195	\$12		\$262
Transportation Centre	New passenger transport terminal	\$3,100	\$1,758		\$157		\$1,185

Schedule of Planned Projects with Capacity to Support Growth							
Activity	Project	Total Cost \$ 000	External Funding \$ 000	Backlog \$ 000	Renewal \$ 000	Unallocated \$ 000	Growth \$ 000
Waste Water Treatment	City Treatment Plant	\$2,400		\$1,940			\$460
Waste Water Treatment	Hamurana Satellite Treatment	\$2,100		\$932			\$1,168
Waste Water Treatment	Land Treatment System	\$3,100					\$3,100
Waste Water Upgrades	Gravity network upgrade - Central Urban Area	\$6,300		\$2,412			\$3,888
Waste Water Upgrades	Pump stations and rising mains Central Urban Area	\$7,650		\$3,395			\$4,255
Wastewater	Brunswick Sewerage Scheme	\$8,768	\$4,235	\$2,308			\$2,226
Wastewater	Duxton Sewerage Scheme	\$562	\$254	\$239			\$69
Wastewater	Mourea Sewerage Scheme	\$4,234	\$2,655	\$1,145			\$434
Wastewater	Okawa Bay Sewerage Scheme	\$767	\$365	\$388			\$14
Wastewater	Okere Falls Sewerage Scheme	\$7,471	\$3,616	\$3,125			\$730
Wastewater	Otara Marae Sewerage Scheme	\$4,941	\$2,421	\$2,085			\$434
Wastewater	Rotokawa Sewerage Scheme	\$10,134	\$4,744	\$732			\$4,658
Wastewater	Whangamarino Sewerage Scheme	\$732	\$346	\$219			\$167
Wastewater	Gisborne point/ Hinehopu	\$10,131	\$4,850	\$3,767			\$1,514
Wastewater	Hamurana sewerage scheme	\$14,082	\$6,725	\$4,666			\$2,691
Wastewater	Okareka Sewage Scheme	\$10,775	\$5,120	\$5,062			\$593
Wastewater	Rotoma sewerage scheme	\$11,288	\$5,375	\$4,263			\$1,650
Wastewater	Tarawera sewerage scheme	\$14,126	\$6,600	\$7,050			\$475
Water Sources	Reticulation Upgrade - Basin	\$4,700					\$4,700
Water Sources	Source Development - Basin	\$1,500					\$1,500
Water Supply	Hamurana Treatment Upgrade	\$50		\$38			\$12
Water Supply	Kaharoa Treatment Upgrade	\$170		\$148			\$22
Water Supply	Mamaku Treatment Upgrade	\$100		\$51		\$27	\$22

Schedule of Planned Projects with Capacity to Support Growth							
Activity	Project	Total Cost \$ 000	External Funding \$ 000	Backlog \$ 000	Renewal \$ 000	Unallocated \$ 000	Growth \$ 000
Water Supply	Reporoa Treatment Upgrade	\$745		\$450			\$295
Water Supply	Rotoiti Treatment Upgrade	\$100		\$75			\$25
Water Supply	Rotoma Treatment Upgrade	\$80		\$36			\$44
Water Supply	Urban Treatment Upgrade	\$2,000		\$1,780			\$220

Notes:

All dollar amounts are in 2007 dollars exclusive of GST.

The capital expenditure listed above does not include the expenditure required for Parks: reserve land.

The growth portion of capital expenditure will be funded from development contributions.

Backlog and renewal portions of capital expenditure budgets will not be funded from development contributions.

The calculations and documentation supporting the above projects are available for examination at the offices of Rotorua District Council.



Appendix F

Glossary of Terms

Catchment	Separate development contribution areas exist for each asset category. For some assets, e.g. transport the development contribution area is District wide, for asset categories such as Land Drainage, water and wastewater development contribution areas are based upon existing service catchment areas as identified on the maps appended.	Funding Model	The funding model ensures an equitable assessment of the funding requirements to support the development contributions regime. The primary output of the funding model is an accurate assessment of the required development contribution charges.
Backlog	That portion of a project that relates to historical catch-up to meet the required level of service for the existing community.	Funding Period	Not less than 10 years. Otherwise lesser of asset capacity life, asset useful life, or 25 years.
Base Units	The measure used for the demand of an average household unit for each service.	GFA	Gross Floor Area
CBD	Central Business District (as defined in the Rotorua District Plan – Part 19 Definitions).	Growth	Growth means the increase in capacity of network and community infrastructure external to the boundaries of the development site required to service that development.
Commercial	Any activity, whether temporary or permanent, involving payment, exchange or other consideration.	Growth Model	For each development contribution area the Council has determined the population changes anticipated as the District expands. These are reported as 'Household Unit Equivalents' (HUEs).
Cost Allocation	The allocation of the capital costs of a project to the various drivers for the project, such as renewal, catch-up (backlog), and additional capacity to meet growth.	GST	Goods and Services Tax
Credits	Where development contributions or financial contributions for a particular property have previously been assessed and paid, credit will be given for the particular activity.	HUE	Household Unit Equivalent. A type of 'unit of demand' that relates to the typical demand for infrastructure by an average household.
Current Year	The current year is 2006/07	Industrial	Activities including associated land, infrastructure and buildings used for the manufacturing, fabricating, processing, packing or storage of goods, substances, energy or vehicles, and the servicing and repair of goods and vehicles whether by machinery or hand.
DC	Development Contribution	ISA	Area of impervious surfaces to be drained to the reticulated Land Drainage network.
Development	Any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure (but does not include the pipes or lines of a network utility operator).	Level of Service (LOS)	The standard of service provision for each asset.
Development Agreement	Any private agreement signed between a developer and Rotorua District Council.	LGA 2002	Local Government Act 2002
Financial Contributions	Financial contributions are provided for by the Resource Management Act (RMA) and Council's policy is set out in the Proposed District Plan. A financial contribution is a contribution from developers of cash, land, works, services or a combination of these. Financial contributions are used to offset or mitigate the adverse impacts on the natural and physical environment including utility services, of a new development.	Lot	Lot is deemed to have the same meaning as 'Allotment' under both the Local Government Act 2002, and the Resource Management Act 1991.
		LTCCP	Long Term Council Community Plan
		New Growth / New Expenditure	Relates to the growth demand and planned costs in the ten years from the current year.

Past Growth / Past Expenditure	Relates to growth capacity and cost that has been provided by past expenditure. In terms of cost it relates to actual costs incurred in past years – including the current year. In terms of demand it relates to the provided capacity for the period between implementation and the current year.
Reductions	A reduction is an adjustment to the HUEs assessed for a consent application. A reduction will only be considered as part of a review requested by an applicant.
RMA	Resource Management Act 1991
Remissions	A remission is an adjustment to the scheduled charged for a particular activity and catchment as a percentage or in dollar terms. Remissions will only be invoked as a resolution of Council.
Renewal	The gross cost of replacing an existing asset with a modern equivalent asset to the same function and capacity at the end of its life.
Service Connection	A physical connection to a service provided by, or on behalf of Rotorua District Council.
Subdivision	Subdivision is deemed to have the same meaning as 'subdivision' under the Resource Management Act 1991.
VPD	Vehicles Per Day

Appendix G

HUE Conversions

Wastewater Non-Residential HUE Conversions

Engineering Design Standards: 660 litre/household/day
(Refer also NZS 4404)

Land use Description	District Design Std	Units	HUES
Residential	660 litres/day	Dwellings	1
Employment		Ha	10.8
Accommodation		nights	0.001
Retail		Ha	10.8

Note: Wet Industry to be defined and treated as a 'special' case.

Water Non-Residential HUE Conversions

Engineering Design Standards: 900 litre/household/day
(Refer also NZS 4404)

Land use Description	District Design Std	Units	HUES
Residential	900 litres/day	Dwellings	1
Employment		Ha	16.2
Accommodation		nights	0.001
Retail		Ha	16.2

Note: Wet Industry to be defined and treated as a 'special' case.

Land Drainage Non-Residential HUE Conversions

Land use Description	District Plan Maximum Site Coverage Requirement (Impervious Surfaces)	Units	HUES
Residential	350m ²	Dwellings	1
Employment		Ha	19.8
Accommodation		nights	0.001
Retail		Ha	19.8

Roading and Transport Non-Residential HUE Conversions

Land Use	Category	Units	HUES
Residential	Households	Dwellings	1
Employment	Business	Ha	9
Accommodation	Accommodation	nights	0.001
Retail	Business	Ha	9

Community Infrastructure HUE Conversions

Land use Description	District Design Std	Units	HUES
Residential		Dwellings	1
Employment		Ha	0
Accommodation		nights	0.001
Retail		Ha	0

Transport Non-Residential HUE Conversions

Land Use	Category	VPD Per 100m ² GFA	% in Journey Type			VPD Equivalent	HUES Per 100m ² GFA
			(1)	(2)	(3)		
			100%	25%	5%		
Residential		8					1.00
Commercial premises/offices	Commercial	20	50%	30%	20%	11.70	1.46
Shopping centres	Retail	100	30%	50%	20%	43.50	5.44
Supermarkets	Retail	130	20%	50%	30%	44.20	5.53
Service stations with retail facilities	Retail	160	5%	20%	75%	22.00	2.75
Markets	Retail	5	40%	50%	10%	2.65	0.33
Bulk goods/home improvement stores	Retail	40	60%	30%	10%	27.20	3.40
Drive in fast food restaurants	Retail	200	10%	20%	70%	37.00	4.63
Restaurants	Retail	100	60%	20%	20%	66.00	8.25
Manufacturing industries	Industrial	30	60%	30%	10%	20.40	2.55
Hospitals	Health	10	60%	30%	10%	6.80	0.85
Medical services and health care centres	Health	58	50%	30%	20%	33.93	4.24
Gymnasiums	Recreation	35	70%	20%	10%	26.43	3.30

Notes:

- 1 The end destination and sole purpose of the trip is to that activity e.g. Home to work not stopping at school or any other destination
- 2 Trip is made as one of a number of linked trips
- 3 Trip is made entirely for other purposes, but the trip maker takes the opportunity to visit this location en-route to the primary destination

Appendix H

Schedule of events that will give rise to a requirement for a Development Contribution

Action	Timing of Action
Assessment of the Development Contribution	On granting: <ol style="list-style-type: none"> 1. Subdivision Consent 2. Land Use Consent 3. Building Consent 4. Authority to make service connection
Payment of the Development Contribution	<ol style="list-style-type: none"> 1. Before issue of 224 (c) Certificate; or 2. Within 180 days of issuance of Building Consent; or Prior to issuance of Code of Compliance certificate (which ever is the earlier) 3. On granting of a land use consent (other than subdivision or building consent) 4. On issue of authority to make service connection.

FINANCIAL CONTRIBUTIONS POLICY

This policy will be applied in concert with the proposed Development Contributions Policy, where the Development Contributions Policy is not applicable.

To date Council has relied on the Operative Rotorua District Plan provisions 'Part 16 Subdivision and Development' section and 'Appendix U Financial Contributions for Reserve Purposes'.

The District Plan provides:

Financial Contribution Rules for Subdivision and Development

Introduction

Subdivision and development are subject to financial contributions in accordance with the following rules, and the provisions of **Appendix U** and **Appendix W**. Section 108(9) of the *Resource Management Act 1991* define financial contribution as money, land, works or services. A number of categories of financial contribution apply to subdivision and development.

The first category is outlined in 'Financial Contributions for Reserves and Heritage Purposes'.

The second and third categories are outlined in 'Financial Contributions – Minimum Engineering Requirements for Subdivision' and 'Financial Contributions – Minimum Engineering Requirements for Development'. Council considers that subdividers and developers should provide, those works and services necessary to ensure the efficient functioning of their subdivision and development. A contribution may include requirements relating to the formation of building sites, earthworks, roads and landscaping, access ways, private ways, sanitary and stormwater drainage, water supply, and all ancillary works and services within or appurtenant to the subdivision and/or development.

The fourth category, outlined in 'Financial Contributions – Service Lanes and Road Widening', specifically relates to identified service lane and road widening requirements which will be imposed as a financial contribution on applications for subdivision or development.

The fifth category, outlined in 'Financial Contributions – Upgrading Requirements for Subdivision and Development' may include the formation of an unformed road, the upgrading of a formed road where the activity is likely to generate additional traffic, or the upgrading of an undersized sanitary sewer, water main or stormwater drain.

Rule 'Miscellaneous Financial Contribution Requirements for Subdivision and Development' lists miscellaneous matters regarding financial contributions for the engineering requirements, service lanes and road widening, and upgrading contributions.

Financial Contributions for Reserves and Heritage Purposes

Appendix U provides the method of calculation for financial contributions for reserves and heritage purposes and also specifies the maximum value of the financial contribution.

General

All subdivision and development will be subject to the Rules for financial contributions for reserves and heritage purposes. The objectives, policies and rules for requiring a financial contribution are contained in **Part Eleven**.

At Council's discretion and as outlined in **Part Eleven**, land may be required for esplanade reserves, heritage protection or local purpose reserves and in some situations works may also be required, for example for landscaping.

Rules Applicable to Development for Esplanade Reserves and Strips

In accordance with **u1.3.5 of Appendix U**, Council will require the vesting of esplanade reserves and/or creation of esplanade strips upon a development proposed on lots or lease areas adjoining a lake or river as defined in Section 2 of the *Resource Management Act 1991*.

Financial Contributions - Minimum Engineering Requirements for Subdivision

Note : The Performance Standards for the following Rules 'Earthworks and Foundations' to 'Access Ways and Private Ways' are contained in **Appendix W**. Various methods may be used to satisfy these Performance Standards. However compliance with the *Rotorua District Council Engineering Code of Practice* is deemed to satisfy the particular Performance Standards listed.

The maximum level of the financial contribution for minimum engineering requirements is the total cost of providing these requirements in accordance with the Performance Standards outlined in **Appendix W**.

Earthworks and Foundations

Every lot or lease area within the subdivision shall have a foundation suitable for any intended activity, which will be free from inundation, erosion, subsidence and slippage.

Roading and Landscaping

Roads or other means of access approved by Council shall be provided to all lots and lease areas within a subdivision. Large lot subdivision (ie. subdivision into lots or lease areas that may be further subdivided in accordance with the Rules of this Plan) within the Residential Zones, shall also make provision for satisfactory access to future potential residential lots.

Every lot that does not have frontage to an existing road or private road shall have a frontage to a road or private road to be provided by the owner(s) which will give vehicular access to that lot from an existing road or private road.

Notwithstanding the above, Council may approve an application for subdivision in any of the following situations:

- Where Council considers that vehicular access is unnecessary, it may approve access to any lot or lease area by foot only;
- Where Council considers that because of the topographical nature of the land vehicular access is impractical, it may approve access to a lot or lease area by foot only;
- Where Council is satisfied that adequate access to the lot or lease area is provided over other land pursuant to an easement of right of way.

Note: The Memorandum of Transfer or Easement Certificate must provide for and detail maintenance standards, cost sharing provisions, and means of arbitration.

In addition:

- (a) The subdivider shall form and completely construct a proposed road as shown on the scheme plan to the required Council standard, and to enable the proposed road to carry the predicted traffic loadings. This may include providing pedestrian and cycle facilities, drainage, landscaping, and planting;
- (b) The subdivider shall form and construct a carriageway over every proposed private way and private road as shown on the scheme plan.
- (c)
 - (i) No private way or private road in the Rural A Zone which services more than four potential lots (based on the minimum lot size) shall exceed 500 metres in length.
 - (ii) No private way or private road in the Rural B, D or E Zone which services more than four potential lots (based on the minimum lot size) shall exceed 200 metres in length.

- (d) The subdivider shall set aside within the road reserve areas of land for the purpose of landscaping and street tree planting to the satisfaction of Council.

Stormwater

The subdivider shall provide a satisfactory system for the collection, treatment and disposal of stormwater from the proposed roads, private ways, access ways, reserves and from all lots, lease areas and building sites within the subdivision.

Sanitary Sewerage

The subdivider shall provide for the satisfactory disposal of sewage from each lot, lease area and building site within the subdivision.

Water Supply

The subdivider shall provide a satisfactory water supply to all lots, lease areas and building sites within the subdivision.

Electricity Supply

The subdivider shall make suitable arrangements for the reticulation of an electric power supply for every lot, lease area and building site within the subdivision.

Gas Supply

The subdivider shall make suitable arrangements for the reticulation of a gas supply for every lot, lease area and building site within the subdivision, where existing gas reticulation is available within 100 metres of the subdivision.

Telephone Services

The subdivider shall make suitable arrangements for the reticulation of a telephone service and other telecommunication services for every lot, lease area and building site within the subdivision.

Access Ways and Private Ways

The minimum access and formation widths for access ways and private ways serving household units shall be provided in accordance with the following table:

Number of potential household units	Access width	Formation width
1	3.0m	2.5m
2	3.0m	3.0m
3 - 4	4.5m	4.0m
5 - 8	6.0m	5.0m
More than 8 household units may not share private access		

For other access ways and private ways, see **Appendix W**.

Financial Contributions - Minimum Engineering Requirements for Development

Note: The Performance Standards for the following Rules 'Earthworks and Foundations' to 'Bonds' are contained in **Appendix W**. Various methods may be used to satisfy these Performance Standards. However compliance with the *Rotorua District Council Engineering Code of Practice* is deemed to satisfy the particular Performance Standards listed.

The maximum level of the financial contribution for minimum engineering requirements is the total cost of providing these requirements in accordance with the Performance Standards outlined in **Appendix W**.

Earthworks and Foundations

Every building within the development shall have a foundation suitable for its intended use, free from inundation, erosion, subsidence and slippage.

Roading

Roads or other means of access approved by Council shall be provided to all buildings within the development. However, Council may approve the development where it is satisfied that adequate access to the development is provided over other land pursuant to an easement of right of way.

The developer shall:-

- (a) form and completely construct and drain all proposed roads, parking and turning areas; and
- (b) form and construct a carriageway over every proposed private way and private road.

Note: The Memorandum of Transfer or Easement Certificate must provide for and detail maintenance standards, cost sharing provisions and means of arbitration, in cases of easements of rights of way.

Stormwater

The developer shall provide a satisfactory system for the collection, treatment and disposal of stormwater from the development.

Sanitary Sewerage

The developer shall provide for the satisfactory disposal of sewage from the development.

Water Supply

The developer shall provide a satisfactory water supply to the development.

Electricity Supply

The developer shall make suitable arrangements for the reticulation of electric power to the development.

Telephone Services

The developer shall make suitable arrangements for the reticulation of telephone and other telecommunication services to the development.

Bonds

Council may require the developer or owner(s) to enter into a bond for the due compliance with the above requirements which would be arranged prior to the uplifting of a building consent, where the above requirements involve off-site works or affect the existing public road or service infrastructure.

Financial Contributions - Service Lanes and Road Widening

In the case where land is vested for service lane or road widening the maximum level of the financial contribution will be in accordance with the identified service lane and road widening requirements listed or described in **Appendix N** and **Appendix D** respectively. In addition any costs associated with the vesting of the service lane or road widening will form part of the maximum financial contribution in accordance with the provisions of **Part Twelve**.

Subject to **R12.6** and **R12.7** of **Part Twelve**, Council will require the vesting of land for service lanes or road widening upon subdivision or development of lots or lease areas with identified service lane or road widening requirements listed or described in **Appendix N** and **Appendix D** respectively.

Financial Contributions - Upgrading Requirements for Subdivision and Development

The maximum level of the financial contribution for upgrading will be limited to the works necessary to meet the additional loading on the infrastructure caused by the subdivision or development, as determined by Council.

Roading

For the purpose of forming, diverting, or upgrading any existing road or forming any new road because of new or increased traffic owing to the subdivision or development of any land, Council may, as a condition of approval of a scheme plan or development, require the owner(s) to:

- (a) pay, or enter into a binding contract to pay, to Council a fair and reasonable contribution towards the cost of forming or upgrading roads or parts of

roads within or adjacent to the subdivision or development or of any other land in the same ownership. Such forming and upgrading shall be carried out to a state or standard as determined by Council. Alternatively Council may require the owner(s) to carry out, or enter into a binding contract to carry out, that work;

and/ or,

- (b) dedicate a strip of land in the same ownership for the widening of any road.

The above requirements shall be limited to the extent to which the road serves or is intended to serve the subdivision or development.

Upgrading Parameters for Rooding

- (a) Each household unit will be deemed to generate 6 vehicle movements per day (v.p.d.).
- (b) All existing roads directly serving the subdivision or development shall be formed and sealed when required to carry in excess of 70 v.p.d., except that metalled cul-de-sacs or cul-de-sac ends less than 300m in length shall also be formed and sealed even though assessed traffic volumes may be less than 70 v.p.d.
- (c) Where contributions towards footpath, kerb and channel and berm formation are required, the contribution shall be at the rate of 50% of the total estimated cost.

Water Supply and Drainage

Council may, as a condition of its approval of the scheme plan or development, require the owner(s):

- (a) where an existing public water supply system or drainage system is available, to service the subdivision (being a system within or contiguous to the land in the subdivision) -

to pay, or enter into a bond to pay, to Council such amount as Council considers fair and reasonable for or towards the cost of upgrading the said system.

- (b) where any such system is not available, but is likely to be available within a period of five years, to pay, or enter into a bond to pay, Council such amount as Council considers fair and reasonable for or towards the cost of providing water, drainage, electricity or gas connections from that system to the subdivision or to any lots in the subdivision.

Upgrading Parameters for Water Supply and Drainage

Unless otherwise provided for, the upgrading contribution required towards the cost of upgrading a service will be the total cost of upgrading such service to serve for the subdivision or development in accordance with the Performance Standards of **Appendix W**.

Miscellaneous Financial Contribution Requirements for Subdivision and Development

Sharing Of Cost Other Than Upgrading Contributions

The provisions of 'Financial Contributions – Upgrading Requirements for Subdivision and Development', with the exception of 'Upgrading Parameters for Rooding' (c), do not define a basis for the sharing of the cost of services between the subdivider or developer and Council. The share of the cost to be met by the subdivider or developer will be determined by Council at the time of scheme plan or development approval.

Council's share and upgrading costs are required to be included in the Annual Plan process which may delay provision of the appropriate service and implementation of the subdivision or development. The subdivider or developer may elect to proceed with such works at their cost.

Engineering Inspection Fees

To cover the cost of the inspection by Council of the Engineering Plans and Specifications, and the cost of inspection of construction, the subdivider or developer shall pay the following fees:

- (a) 1% + GST of the value of the works inspected and approved based on a schedule of quantities and estimated rates to be submitted by the subdivider or developer; or
- (b) A minimum fee as determined by Council.

All estimated rates must be fair and reasonable.

Easements for Public Services

All easements necessary for public services and batters, or where required by Council, are to be granted by the subdivider or developer.

Discharge Permits

All discharge permits shall be obtained by the subdivider or developer in their name.

Works in Reserves, Domains or Private Land

Wherever any works are to be constructed within a reserve or domain vested in Council, the subdivider or developer shall obtain the approval of Council. In the case of private property, written permission of both the owner(s) and the occupier(s) shall be obtained and submitted to Council along with the engineering plans. Upon completion of the works and prior to the issue of a completion certificate in the case of a subdivision, written confirmation of the property owner(s) satisfaction with reinstatement works shall be provided.

Drains laid on private property other than that owned by the subdivider, are subject to Section 445 of the *Local Government Act 1974* and only Council is empowered to serve the statutory notifications, etc. required. All costs involved in the serving of notices, hearing of objections and any other consequential expenditure shall be met by the subdivider or developer.

Variation of Requirements

Any variation from the requirements which may be necessary to meet particular circumstances must be referred to Council for specific approval and will be assessed as a Non-Complying Activity. Any reduction in standards must receive the approval of Council prior to being incorporated in plans and specifications for subdivision or development.

Policy

Rotorua District Council will continue to use the relevant provisions of the Operative District Plan to determine financial contributions.

The District Plan review currently being undertaken will continue and be part of a special consultation process during the next 12-18 months.

POLICY ON PARTNERSHIPS WITH PRIVATE SECTOR

Background

The Local Government Act 2002 requires that every local authority adopt, by 30 June 2003, via the special consultative procedure, a policy on partnerships with the private sector.

A 'partnership with the private sector' is defined in s.107 of the Act to mean;

"...any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business ..."

It specifically does not include arrangements between local authorities or council organisations, nor does it include contracts for the supply of goods or services to a local authority.

The partnerships policy must include:

- i) *The circumstances (if any) in which the local authority will provide funding or other resources to any form of partnership with the private sector, whether by way of grant, loan or investment, or by way of acting as a guarantor for any such partnership; and*
- ii) *What consultation the local authority will undertake in respect of any proposal to provide funding or other resources to any form of partnership with the private sector; and*
- iii) *What conditions, if any, the local authority will impose before providing funding or other resources to any form of partnership with the private sector; and*
- iv) *An outline of how risks associated with any such provision of funding or other resources are assessed and managed; and*
- v) *An outline of the procedures by which any such provision of funding or other resources will be monitored and reported on to the local authority; and*
- vi) *An outline of how the local authority will assess, monitor and report on the extent to which community outcomes are furthered by any provision of funding or other resources or a partnership with the private sector."*

Circumstances in which the Council will consider providing funding or any other resources to a partnership with the private sector

The Council will consider partnership arrangements with the private sector where:

the partnership will contribute to furthering community outcomes; and there are clear advantages in a partnership

arrangement over other possible structures; and risks are considered to be acceptable; and the Council is satisfied that the proposed partnership will help promote the communities' economic, environmental, social and cultural well-being.

Consultation

Before the Council enters into any partnership it will undertake consultation in accordance with the procedures set out in Part 6 of the Act.

Conditions (if any) that the Council may impose before providing funding

In considering any partnership proposal the Council will consider the necessity to impose conditions relating to:-

- governance;
- funding;
- management and operations;
- protection of the wider public interest;
- specific risk management mechanisms; and
- termination/exit arrangements.

The Council will, in particular, consider the extent to which conditions need to be imposed specifying:-

- how objectives and performance targets are to be set, agreed and reviewed.
- the extent to which, and the conditions under which, the Council will be liable to contribute funds to the partnership, (and may impose conditions stipulating how such funds and other financial matters relating to the partnership are to be managed).
- the requirements for monitoring, and the obligations of the partnership to provide regular reports to the Council about its performance (including identification of the extent to which the activities of the partnership have contributed towards the achievement of community outcomes).
- any particular requirements relating to the protection and enhancement of any affected Council assets.
- (if necessary) the extent to which the Council may need to retain control over matters relating to, pricing, management, and to the development of policy, during the partnership.

How risk associated with the provision of funding or other resources will be assessed and managed

A comprehensive risk assessment will be carried out before any partnership proposal is promoted or entered into.

Where the partnership proposal is significant and the Council decides to use the special consultative process, that process may identify further risks and/or assist the Council's understanding of the community's perception of risk.

Appropriate risk management mechanisms will be incorporated into every partnership agreement.

Procedures by which any provision of funding or other resources will be monitored and reported on to the Council.

Appropriate objectives, performance targets, and monitoring and reporting requirements will be included in every partnership agreement.

Appropriate procedures will also be put in place within the Council organisation to ensure that these are complied with.

How the Council will assess, monitor, and report on the extent to which community outcomes are furthered by any provision of funding or other resources to the partnership.

See 'Conditions (if any) that the Council may impose before providing funding' above.

A report listing all partnerships entered into by the Council will be included in the Council's Annual Report each year:-

- identifying the community outcome(s) to which each primarily contributes;
- reporting the results of performance measurements undertaken during the year;
- describing any identified effects that the partnership has had on the social, economic; environmental well-being of the community;
- recording the financial results of the partnership.

The Council will also include in its triennial report that is required to be issued pursuant to Section 92 of the Act, information about the extent to which the partnerships have contributed towards the achievement of community outcomes.

Notes:

Legislative references to the policy on partnerships with the private sector include sections 102(4)(e), 107 and 281(2)(d) of the Local Government Act 2002. In addition, Schedule 10(6) of the Act requires that the funding and financial policies in section 102 be included in the Long Term Council Community Plan.

In addition to the above, s.137 contains specific provisions about partnerships and joint ventures relating to "water services." These provisions are separate and additional to the policy above.

RATES RELIEF POLICIES

Remission and Postponement of Rates Policy - Brief Statement

Council proposes to adopt remission of rates policies, (and a grant in lieu of remission policy), pursuant to the Local Government (Rating) Act 2002, as follows:

- a) Remission of penalties on current overdue instalments;
- b) Remission of penalties on arrears (including past overdue instalments);
- c) Remission of rates for extreme financial hardship;
- d) Rates Postponement;
- e) Remission of rates on land used for certain purposes;
- f) Policy for grants in lieu of rate remissions (for 2006/2007)
- g) Remission of targeted rates for sewage from schools;
- h) Remission of rates for land affected by natural calamity;
- i) Remission of rates on Maori freehold land;
- j) Postponement of rates on Maori freehold land;
- k) Remission of rates for rating units held in a single subdivision block;
- l) Remission of rates for residential rating units with special rateable values;
- m) Remission of rates in extraordinary circumstances;

Council will delegate to Council officers authority to consider and approve all applications for remission or postponement of rates pursuant to Council's policies. As a general rule and where practicable documentary evidence or statutory declaration should be provided in support of a written application. Applications for remission or postponement, or a grant in lieu of remission, should be in writing.

All rates relief policies are at the discretion of Council, having regard to both the policy and circumstances.

Remission of Penalties on Current Overdue Instalments

Policy objective

The objective of this remission policy is to enable Council to act fairly and reasonably in its consideration of penalties on rates where payments have not been received by Council by due date due essentially due to circumstances outside the ratepayer's control.

Conditions and criteria for remission of penalties on overdue instalments

Council will remit a penalty on the first instalment when the full year's rates are paid before the penalty date for the second instalment.

Council will consider remission of penalties on current overdue instalments when the late payment has resulted from:

- a) significant family disruption, including death, illness, or accident to a family member as at the due date; or
- b) matters outside the ratepayer's control, including payments going astray in the post, non receipt of the instalment notice before penalty date, the late issue of a sale notice, and a late clearance payment by the solicitor on a property settlement.

Council may also consider remission of a penalty when the late payment has apparently been inadvertent and the ratepayer has a good payment history.

All remissions will be considered on their merits and remission will only be given where Council considers it just and equitable to do so. Applications for remission must be in writing.

Decisions on remission of penalties will be delegated to officers as set out in Council's delegation resolution.

Remission of Penalties on Arrears

(arrears includes non-current overdue instalments)

Policy objective

The objective of this remission policy is to enable Council to act fairly and reasonably in its consideration of penalties on rates that are in arrears, other than the current instalment, due essentially to financial hardship.

Conditions and criteria for remission of penalties on arrears in cases of hardship

Council will consider remission of penalties on arrears in cases of hardship when:

- a) a request for remission has been made in writing; and
- b) the request includes full supporting reasons and evidence satisfactory to Council; and
- c) the remission contributes to prompt settlement in full of the remaining debt or to sale of the property and clearance of the debt in the short term.

Conditions and criteria for remission of future penalties on arrears and on future instalments in cases of severe hardship

Council will consider remission of future penalties on arrears in cases of severe hardship when:

- a) a request for remission has been made in writing; and
- b) the request includes full supporting reasons and evidence satisfactory to Council; and

- c) the purpose of the request is for the ratepayer to reach and maintain a fully paid status; and
- d) the ratepayer enters into a rates settlement arrangement that provides for collection of both current rates and arrears in full over an acceptable timeframe, provided that:
- (i) the arrangement will be annulled if the applicant does not adhere to it; and
 - (ii) Council may vary the arrangement on request; and
 - (iii) Council may in extreme cases elect to also remit some or all of the penalty arrears existing at the time the arrangement was entered into if the arrangement has been adhered to and this brings about settlement in full.

All remissions will be considered on their merits and remission will only be given where Council considers it just and equitable to do so. Applications for remission must be in writing.

Decisions on remission of penalties will be delegated to officers as set out in Council's delegation resolution.

Remission of Rates for Extreme Financial Hardship

Policy objective

The objective of this remission policy is to assist ratepayers experiencing extreme financial hardship which affects their ability to pay rates.

Conditions and criteria for remission of rates for extreme financial hardship

Council will consider, on a case by case basis, all applications received that meet its criteria.

Only rating units occupied by the owner and used solely for residential purposes will be eligible for consideration for rates remission for extreme financial circumstances. This will only apply where it is the sole property of the owner.

Formal application must be made by the ratepayer or the ratepayer's authorised agent on the application form provided by Council for the purpose, providing full information as required by the application form.

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

- age;
- physical or mental disability;
- injury;
- illness; and
- family circumstances.

Before approving an application Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care and proper

provision for maintenance of his/her home and chattels at an adequate standard, as well as making provision for normal day to day living expenses.

Rates Postponement

Policy Objective

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

General Approach

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

Current and all future rates may be postponed indefinitely, or until the sale of the property, if at least one ratepayer (or, if the ratepayer is a family trust, at least one named occupier) is 65 years of age or older. Where the ratepayer is younger than 65, current and all future rates may be postponed to a date not more than 15 years from June 30th in the rating year in which the application was made. The applicant may elect to postpone the payment of a lesser sum that that which they would have been entitled to have postponed pursuant to this policy.

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

Council will add to the postponed rates all financial and administrative costs to ensure neutrality as between ratepayers who use the postponement option and those who pay as rates are levied.

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

Criteria and Conditions

Criteria

Eligibility

Any ratepayer is eligible for postponement provided that the rating unit is used by the ratepayer for personal residential purposes (whether as a principal residence or as a holiday home). This includes, in the case of a family trust owned property, use by a named individual or couple. People occupying a unit in a retirement village under an occupation licence will be able to apply for postponement of the rates

payable by the retirement village on their unit with the agreement of the owner of the retirement village.

Risk

Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible. To determine this, a specifically designed actuarial model has been developed that will forecast, on a case by case basis, expected equity, when repayment falls due. If that equity is likely to be less than 20%, the Council will offer partial postponement, set at a level expected to result in final equity of not less than 20%.

Where a ratepayer wishes to postpone both this Council's rates, and those set and assessed by Environment Bay of Plenty, this Council will consult with Environment Bay of Plenty to ensure that the combined council's rates do not exceed the equity provisions outlined in the previous paragraph.

Where a ratepayer wishes to postpone the rates assessed by Environment Waikato a separate application would have to be made to Environment Waikato.

Exclusions

At present, the law does not allow councils to register such a charge against Maori freehold land. Accordingly, Maori freehold land is not eligible for rates postponement (unless and until the law is changed so that the council can register a statutory land charge).

Insurance

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

To assist ratepayers who are currently uninsured, Council will arrange for the development of a group insurance policy to provide all risks cover, designed to achieve cover against catastrophic loss at minimum cost. The premium will be treated as part of the postponement fee and thus come within the postponement arrangements.

Council expectations are that arrangements for the group insurance policy will be completed in time for it to come into effect from 1 July 2006.

Mortgage

Postponement of rates on a property subject to mortgage to a mortgagee will be available only if Council holds a letter from the mortgagee agreeing to the postponement.

Independent Advice

To protect Council against any suggestion of undue influence, applicants will be referred to an appropriately qualified and trained independent agency contracted by Council. The agency will work with the applicant to ensure they are aware of all aspects of the policy before deciding to proceed with postponement. A certificate confirming this will be required by Council before the postponement is granted. The cost of this is included in the application fee.

Rates Able to be Postponed

All rates are eligible for postponement except for: targeted rates for water supplied by volume (water-by-meter rates) and lump sum options.

Security

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

Postponement will not be granted if a statutory land charge cannot be registered on the unit title.

Council has the right to decline postponement if the property is situated in a known hazard zone.

Conditions

Any postponed rates (under this policy) will be postponed on the following conditions:

- (a) Until the death of the ratepayer(s) or named individual or couple, (in this case the Council will allow up to 12 months for payment so that there is ample time available to settle the estate or, in the case of a trust owned property, make arrangements for repayment); or
- (b) Until the ratepayer(s) or named individual or couple ceases to be the owner or occupier of the rating unit. (If the ratepayer sells the property in order to purchase another within the Council's district, Council will consider transferring the outstanding balance, provided it is satisfied that there is adequate security in the new property for eventual repayment); or
- (c) If the ratepayer(s) or named individual or couple continue to own the rating unit, but are placed in residential care, Council will consider them to still be occupying the residence for the purpose of determining when postponement ceases and rates are to be paid in full; or
- (d) Until a date specified by Council. Council will charge an annual fee including interest on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Councils administrative and financial costs and may vary from year to year.

Fees

Annual Fees

Annual fees will be charged in accordance with the fees outlined in the Funding Impact Statement.

Application Fee

An application fee will be charged in accordance with the fees outlined in the Funding Impact Statement. This will be added to the postponed rates.

Financial Costs

The financial cost will be charged in accordance with the interest rate outlined in the Funding Impact Statement. This will be added to the postponed rates.

Payment

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

Review or Suspension of Policy

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

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

Procedures

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

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

Once adopted, this policy will be implemented from 1 July 2006.

Applications for postponement under this part of the policy will be determined by officers of council, acting under delegated authority from Council as specified in the delegations resolution.

Remission of Rates on Land Used for Certain Purposes

Policy objective

To facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities for the residents of the District.

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

- Assist the organisation's survival; and
- Make services of the organisation more accessible to the general public, particularly disadvantaged groups. These

include children, youth, young families, aged people, and economically disadvantaged people.

Conditions and criteria for remission of rates on certain types of land

This part of the policy will apply to land owned or occupied by a charitable, sports or recreation organisation, and which is used exclusively or principally for sporting, recreation or community purposes. For the purposes of this policy the terms "occupied" means exclusive use of all or part of a rating unit.

The policy does not apply to organisations operated for private pecuniary profit.

Applications for remission must be made on the prescribed form (available from the Council offices). Application for rate remission should be made to the Council prior to the commencement of the rating year.

Organisations making application should include the following documents in support of their application:

- Statement of objectives; and
- Constitution or rules or equivalent; and
- Financial accounts; and
- Information on activities and programmes; and
- Details of membership or clients.

The policy shall apply to such organisations as approved by the Council as meeting the relevant criteria.

For the 2006/2007 rating year, Council will continue to approve remissions to organisations that qualified for remission in the 2005/2006 year provided the qualifying criteria still apply.

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

Council may at its discretion utilise the interim policy for grants in lieu of rate remissions, in place of and instead of this remission policy.

Policy for Grants in Lieu of Rate Remissions

This policy is not part of Rotorua District Council's rate remission policies, but is included here as part of Council's community assistance programme. Its purpose is so that organisations which will no longer be entitled to rate remission (because they are no longer the ratepayer under the Local Government [Rating] Act 2002) can receive an equivalent grant so that the net effect on them is similar in 2006/2007 to what it was or would have been in 2002/2003 (under the Rating Powers Act 1988).

Policy Objective

To provide assistance in lieu of rates relief to organisations who lease properties and who use their properties for welfare, education, community service, social, cultural or recreation purposes.

To avoid or mitigate any adverse financial impact of the provisions in the Local Government (Rating) Act 2002 on affected organisations due to their no longer being eligible for rate remission.

Conditions and criteria for grants in lieu of rate remissions

This policy will apply to groups which were entitled to a discretionary rate remission in 2002/2003, but which no longer have access to such remission because they do not own the land they use and occupy. The policy applies to properties of the categories previously granted remission pursuant to the second schedule, Part I, of the Rating Powers Act 1988.

The organisations will be charitable and the land will be used exclusively or principally for sporting, recreation, or community purposes.

Applications for remission must be made on the prescribed form (available from the Council offices). Application for a grant in lieu of rate assistance should be made to Council prior to the commencement of the rating year.

Organisations making application should include the following documents in support of their application:

- Statement of objectives; and
- Constitution or rules or equivalent; and
- Financial accounts; and
- Information on activities and programmes; and
- Details of membership or clients.

The policy shall apply to such organisations as approved by Council as meeting the relevant criteria. For the 2006/2007 rating year, Council will approve grants in lieu of remission to organisations that qualified for remission in the 2002/2003 year provided the qualifying criteria still apply.

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

Remission of Targeted Rates for School Sewerage

Policy objective

The objective of this remission policy is to enable Council to fairly and reasonably rate schools for sewerage disposal having regard to the number of water closets and urinals needed for the number of pupils and staff rather than for the actual number of water closets and urinals available.

Conditions and criteria for remission of targeted rates for sewerage disposal from schools

Targeted rates for sewerage disposal from schools will be remitted to the extent that they exceed the rates on the deemed number of water closets and urinals:

- a) The deemed number of water closets and urinals will be the lesser of one water closet and urinal for every 20 persons (teachers and students) or part thereof on the roll at 1 April in the preceding financial year, and the actual number of water closets and urinals.
- b) A school is defined as a state school under section (2) (1) of the Education Act 1989, or an integrated school under section (2) (1) of the Private School Conditional Integration Act 1975.

Schools will be required to file an annual return of teacher and student numbers in the prescribed form in order to qualify for the remission.

Remission of Rates for Land Affected by Natural Calamity

Policy objective

The objective of this remission policy is to enable Council to act fairly and reasonably in its consideration of remission of rates on land affected by natural calamity.

Conditions and criteria for remission of rates for land affected by natural calamity

Council will consider remissions of rates on land affected by natural calamity:

- a) when applied for in writing, and
- b) where the use that may be made of the land has been detrimentally affected by erosion, subsidence, submersion, or any other natural calamity.

Remission of Rates on Multiple-owned Maori Freehold Land

Policy objectives

The objectives of this remission policy are:

- a) to recognise situations where there is no occupier or person gaining an economic or financial benefit from the land;
- b) to set aside land that is better set aside for non-use because of its natural features (whenua rahui);
- c) to recognise matters related to the physical accessibility of the land;
- d) where part of a block is occupied, to grant remission to the portion of land not occupied;
- e) to enable Council to act fairly and reasonably where utilisation is considered to be uneconomic if rates are payable as assessed.

Conditions and criteria for remission of rates on multiple-owned Maori freehold land

Council will remit in whole or in part, rates on multiple-owned Maori freehold land that comes within the following criteria:

- a) the land is unoccupied and no income is derived from the use or occupation of that land; or
- b) the land is better set aside for non-use (whenua rahui) because of its natural features and is so set aside; or
- c) the land is inaccessible and is unoccupied; or
- d) the land is the unoccupied portion of a block where only a portion is occupied.

Council will consider remission in part of rates on multiple-owned Maori freehold land, having regard to the circumstances, when:

- a) applied for in writing; and
- b) the land value exceeds the value that is relevant for the purpose for which the land is or will be used; and
- c) remission of part of the rates assessed will enable the land to be utilised.

Postponement of rates on Multiple-owned Maori freehold land

Council's policy in respect of postponement of rates on multiple-owned Maori freehold land follows past policy. This is to not postpone rates but to use the remission policy where appropriate.

Remission of Rates for Rating Units Held in a Single Subdivision Block

Policy Objective

The objective of this remission policy is to support the development and holding of subdivision land for residential lots.

Conditions and criteria for remission of rates for rating units held within a single subdivision block

Council will remit the uniform annual general charge plus targeted rates for the availability of a Council service on all but one rating unit where all these rating units are:

- a) owned by the same person or persons; and
- b) held as the unsold rating units of a development subdivision;
- c) originally contiguous or separated only by a road, railway, drain, water race, river, or stream.

Remission of Rates for Residential Rating Units which have had Special Rateable Values

Policy Objective

This is a transitional policy.

The objective of this remission policy is to continue to allow general rates relief on those residential properties in areas where rating values are influenced by demand for multi-unit residential housing or where these residential properties are subject to commercial / industrial zoning.

Conditions and criteria for remission of general rates for rating units which have had special rateable values.

This remission will apply only to those rating units with special rateable values recorded as at 1 July 2002.

The amount of relief to be granted will be based on the proportion that the special rateable value was in the previous rating year to the rateable value.

Remission of Rates for Queen Elizabeth II National Trust Open Space Covenants

Policy Objective

The objective of this remission policy is to provide rates relief where land is legally protected under a QEII Open Space Covenant.

Conditions and criteria for remission of rates for QEII Open Space Covenants

Council will consider remissions of rates on land that have a QEII Open Space Covenant:

- a) when applied for in writing; and
- b) where the land or portion of land has a legal binding QEII Open Space Covenant registered on the title.

Remission of Rates in Extraordinary Circumstances

Policy Objective

It is recognised that not all situations in which the Council may wish to remit rates will necessarily be known about in advance and provided for in Council's specific policies.

The purpose of this part of the policy is to provide for the possibility of rates remission in circumstances which have not been specifically addressed but in which, for the reasons set out below, Council considers it appropriate to remit rates.

Conditions and criteria for remission of rates in extraordinary circumstances

Council may remit rates on a rating unit where it considers it just and equitable to do so because:

- a) Extraordinary circumstances have arisen by virtue of the transition from the Rating Powers Act 1988 to the Local Government (Rating) Act 2002 that means it would be fair and equitable to grant relief (including relief granted on a transitional basis); or
- b) The property is in the business rural rating category (if such category remains in the Council differentials) and would be subject to hardship that could cause a loss of a beneficial service to the local community; or
- c) Extraordinary circumstances have arisen by virtue of transition to the new rating policy for 2006/2007; or

The amount of any such relief will be determined by Council having regard to the quantum of additional rates caused by the extraordinary circumstances.

Remission of Targeted Rates where Ratepayers have paid a Voluntary Lump Sum Capital Contribution towards the Capital Cost of a Sewerage Scheme

Policy objective

The objective of this remission policy is to cancel targeted rates for the capital cost of sewerage schemes where ratepayers have made a voluntary lump sum capital contribution to pay for the share of the capital cost in lieu of paying targeted rates over time.

This policy derives from the expressed wishes of some ratepayers during consultation processes to pay an up front voluntary lump sum capital contribution rather than a targeted rate each year.

Conditions and criteria for remission of targeted rates for rating units where the share of the capital cost of a sewerage scheme has been paid by voluntary lump sum contributions

Targeted rates for the share of the capital cost of a sewerage scheme will be remitted where the share of capital cost has been paid by voluntary lump sum capital contribution by the specified date.

The specified date is the final date by which payment is to be made as identified and resolved by Council, or such later date and terms as approved by Council in its sole direction.

Discount for Early Payment of Rates

A discount will be allowed for early payment of rates in compliance with the following conditions:

- a) The discount will be allowed to any ratepayer who pays the total annual rates as specified on the rates assessment by the due date for the first instalment;
- b) The discount will not apply to charges for water by meter;
- c) The discount will be at a rate fixed annually by resolution.

FUNDING IMPACT STATEMENT

The Funding Impact Statement is required to include the information set out in clause 10 of Part 1 of Schedule 10 of the Local Government Act 2002 and sections 13 to 19 of the Local Government (Rating) Act.

Revenue and Financing Mechanisms

Council has decided to use the following revenue and financing mechanisms to cover the estimated expenses for each financial year covered by the plan. In relation to each year covered by the plan, there is an indication of the level or amount of funds to be produced by each mechanism.

Description (GST exclusive) (thousands)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Rating Mechanisms										
Rates	30,916	32,255	33,574	34,876	36,156	37,406	38,623	39,798	40,886	42,000
Uniform Annual General Charge	10,035	10,460	10,891	11,318	11,737	12,147	12,546	12,932	13,289	13,656
Less RDC Rates	-777	-795	-814	-834	-852	-870	-888	-906	-925	-944
Water Rates	2,732	3,114	3,516	3,651	3,766	3,877	3,992	4,209	4,303	4,398
Sewerage Rates	8,335	9,727	10,117	10,847	11,518	11,865	12,198	12,515	12,803	13,096
Sewerage Capital Rates	99	300	1,093	1,123	1,459	1,881	1,920	2,545	2,958	3,005
Refuse Rates	1,631	1,705	1,780	1,854	1,918	1,979	2,039	2,096	2,148	2,201
Water by Meter	2,735	3,140	3,529	3,708	3,868	4,023	4,172	4,318	4,455	4,597
Water By Meter Penalty	7	8	8	9	9	10	10	11	11	12
Lakes Enhancement Rate	380	398	416	434	450	465	481	495	509	522
Less Water By Meter	-153	-160	-168	-175	-184	-191	-197	-204	-209	-214
Total From Rating Mechanisms	55,941	60,153	63,943	66,809	69,843	72,592	74,896	77,807	80,227	82,330
Dev. Contributions	250	621	852	1,447	2,276	3,240	3,724	4,576	5,088	5,622
Resource Manageme Contributi	600	612	624	637	649	662	676	689	703	717
Subsidies & Grants	16,462	29,352	22,640	15,265	20,254	15,091	16,216	10,508	11,350	14,283
Investment Revenue	32	32	32	32	32	32	32	32	32	32
Fees and Charges	4,589	4,636	4,741	4,957	5,070	5,187	5,306	5,431	5,556	5,683
Trading Revenue	13,846	14,771	15,820	18,993	18,124	18,900	19,977	20,525	21,094	21,703
Profit on Disposal	1	1	1	1	1	1	1	1	1	1
Non-Operating Revenue	1,692	1,740	1,790	1,840	1,892	1,945	2,000	2,056	2,114	2,173
Other Revenue Sources	37,472	51,764	46,499	43,171	48,298	45,058	47,931	43,818	45,938	50,214
Total Revenue Funding Mechanisms	93,414	111,917	110,442	109,980	118,141	117,651	122,827	121,625	126,165	132,544
Finance Mechanisms										
Debt (Net Funding)	42,833	17,456	20,175	13,320	8,596	-1,097	4,055	-1,320	-16,256	-8,530
Sale of Assets	363	1,255	3,870	2,922	207	1,129	255	171	9,667	301
Sinking Funds (Net funding)	0	0	0	0	0	0	0	0	0	0
Net Council and Created Reserves	1,248	-308	-651	-708	-769	-834	-905	-979	-1,060	-1,145
Collection of Advances	-686	-15	-21	78	77	73	73	72	68	13
Transfer Equity										
Working Capital Funding	-11,111	380	670	727	788	853	924	998	1,079	1,005
Total Funding from Financing Mechanisms	32,647	18,769	24,043	16,339	8,899	123	4,402	-1,058	-6,502	-8,356
Total Revenue and Financing Mechanisms	126,060	130,685	134,485	126,320	127,040	117,774	127,228	120,567	119,663	124,188

Rates set for 2006/2007

Council has set the following rates, pursuant to the Local Government (Rating) Act 2002, for the 2006/2007 rating year:

- a) A uniform annual general charge;
- b) A differential general rate;

- c) Targeted rate for lakes enhancement;
- d) Targeted rates for water supply;
- e) Targeted rates for sewage disposal;
- f) Targeted rates for capital costs of sewerage schemes;
- g) Targeted rates for refuse collection.

Uniform Annual General Charge

Council sets a uniform annual general charge for each rating unit (GST inclusive).

The amount to be collected is \$11,289,021.

The uniform annual general charge has been set at a fixed amount per rating unit approximately 70% of the maximum allowed, excluding metered water from the calculation.

2006/2007	\$420.00
2005/2006 was	\$400.00

Targeted Rate for Lakes Enhancement

Council sets a lakes enhancement rate by way of a uniform amount for each rating unit that pays a UAGC (GST inclusive).

The amount to be collected is \$427,376.

The lakes enhancement rate is set at:

2006/2007	\$16.00
2005/2006	\$14.63

General Rates

Council sets a general rate on land value on a differential basis (GST inclusive).

The amount to be collected is \$34,780,854.

The general rate will be collected from eleven differential rating categories (four differential rating groups)

The General Rates definitions for these categories are in the Rating Policy.

	Rate per \$ of land value
Residential rating group	
1 Residential - General - Urban	0.00625
2 Residential - General - Rural	0.00438
3 Residential - Vacant - Urban	0.00563
4 Residential - Vacant - Rural	0.00407
5 Residential - Two Unit - Urban	0.00688
6 Residential - Multi Unit	0.02658
Farming rating group	
7 Farming - General	0.00407
Business rating group	
8 Business - Inside CBD	0.02627
9 Business - Urban Outside CBD	0.02627
10 Business - Rural	0.01626
Council rating group	
11 Council property	0.02627

Targeted Rates for Water Supply

Council has set targeted rates for water supply to properties within the respective service areas (refer to the Wastewater and Water activities in part B) on a differential basis.

For these purposes:

A **"rating unit connected"** is one to which water is supplied from a Council water supply service.

A **"serviceable rating unit"** is one to which water is not connected, but the whole, or some part of which is within 100 meters of a Council water supply area.

The Targeted Rates for water supply are as follows (GST inclusive):

Urban (Plan number 11015 Sheet 1)	Charging unit	2006/2007	2005/2006
The amount to be collected is \$5,325,750 (GST inclusive) (Metered water \$2,252,250; General water rate \$3,073,500)			
A differential targeted rate of:			
<ul style="list-style-type: none"> A fixed amount on each separately used or inhabited part of a rating unit connected (whether or not metered) 	<ul style="list-style-type: none"> Annual for rating units connected 	\$158.00	\$144.40
	<ul style="list-style-type: none"> Quarterly for metered supply 	\$39.50	\$36.10
<ul style="list-style-type: none"> A fixed amount on each serviceable rating unit (at 50% of the fixed charge for a rating unit connected). 	Annual	\$79.00	\$72.20
A targeted rate on each metered separately used or inhabited part of a rating unit of a fixed amount per cubic metre supplied in excess of 58,000 litres.	Per cubic metre, quarterly	\$0.69	\$0.64

Mamaku (Plan number 11015 Sheet 4)	Charging unit	2006/2007	2005/2006
The amount to be collected is \$60,750 (GST inclusive)			
A targeted rate of a fixed amount per connection on each rating unit connected.	Quarterly	\$32.25	\$26.50
A targeted rate on each metered rating unit of a fixed charge per cubic metre supplied to the rating unit.	Per cubic metre, quarterly	\$0.43	\$0.36
Rotoiti (Plan number 11015 Sheet 5)	Charging unit	2006/2007	2005/2006
The amount to be collected is \$61,875 (GST inclusive)			
A differential targeted rate:			
• A fixed amount per connection on each rating unit connected.	Quarterly	\$24.10	\$21.00
• A fixed amount (being 50% of the above amount) on each serviceable rating unit.	Annual	\$48.20	\$42.00
A targeted rate on each metered rating unit of a fixed amount per cubic meter supplied to the rating unit.	Per cubic metre, quarterly	\$0.38	\$0.27
Rotoma (Plan number 11015 Sheet 6)	Charging unit	2006/2007	2005/2006
The amount to be collected is \$47,250 (GST inclusive)			
A differential targeted rate:			
• A fixed amount per connection on each rating unit connected.	Quarterly	\$59.50	\$59.00
• A fixed amount (being 50% of the above amount) on each serviceable rating unit	Annual	\$119.00	\$118.00
A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.	Per cubic metre, quarterly	\$0.83	\$0.76
Kaharoa (Plan number 11015 Sheet 7)	Charging unit	2006/2007	2005/2006
The amount to be collected is \$168,750 (GST inclusive)			
A targeted rate of a fixed amount per connection on each rating unit connected.	Quarterly	\$68.00	\$67.50
A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.	Per cubic metre, quarterly	\$0.25	\$0.25
Reporoa (Plan number 11015 Sheet 8)	Charging unit	2006/2007	2005/2006
The amount to be collected is \$403,875 (GST inclusive)			
A differential targeted rate:			
• A fixed amount per connection on each Domestic/Non-Farming rating unit connected	Quarterly	\$30.00	\$26.00
• A fixed amount per connection on each Farming/Dairy-Factory rating unit connected.	Quarterly	\$43.50	\$35.00
A differential targeted rate:			
• A fixed amount on each metered Domestic/Non-Farming rating unit per cubic metre supplied in excess of the 83 cubic metres per quarter.	Per cubic metre, quarterly	\$0.36	\$0.31
• A lower fixed amount on each metered Farming/Dairy-Factory rating unit per cubic metre supplied in excess of 206 cubic metres per quarter.	Per cubic metre, quarterly	\$0.21	\$0.17

Hamurana (Plan number 11015 Sheet 9)	Charging unit	2006/2007	2005/2006
The amount to be collected is \$56,250 (GST inclusive)			
A differential targeted rate:			
• A fixed amount per connection on each rating unit connected	Quarterly	\$21.50	\$19.00
• A fixed amount (being 50% of the above amount) on each serviceable rating unit.	Annually	\$43.00	\$38.00
A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied.	Per cubic metre, quarterly	\$0.30	\$0.23
Okareka (Plan number 11015 Sheet 10)	Charging unit	2006/2007	2005/2006
The amount to be collected is \$33,750 (GST inclusive)			
A differential targeted rate:			
• A fixed amount per connection on each rating unit connected	Quarterly	\$17.50	\$17.50
• A fixed amount (being 50% of the above amount) on each serviceable rating unit.	Annually	\$35.00	\$35.00
A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied.	Per cubic metre, quarterly	\$0.28	\$0.23

Targeted Rates for Sewage Disposal

Council sets the following targeted rate on a differential basis for sewage disposal in the urban and eastern areas:
A differential targeted rate calculated as a fixed amount per toilet connected to the sewerage system on each rating unit as follows (GST inclusive):

Urban (Plan number 11163 Sheet 2) and Eastern (Mourea, Okawa Bay and Duxton Hotel areas) (Plan number 11163 Sheets 4 and 5)	Proportion of the uniform sum	2006/2007	2005/2006
The amount to be collected is \$9,376,875 (GST inclusive)			
Category 1 - means the rating units with 1 to 4 toilets (water closets or urinals)	100% of the uniform sum	\$305.00	\$273.50
Category 2 - means the rating units with 5 to 10 toilets (water closets or urinals)	85% of the uniform sum	\$259.25	\$232.48
Category 3 - means the rating units with 11 or more toilets (water closets or urinals)	80% of the uniform sum	\$244.00	\$218.80
Availability - means the rating units which are serviceable rating units.	50% of the uniform sum	\$152.50	\$136.75

Targeted Rates for Capital Cost of Sewerage Schemes

Council sets the following targeted rates on a differential basis for sewerage schemes in the Mourea, Marama Point, Okawa Bay and Duxton Hotel areas (GST inclusive).

Okawa Bay (Plan number 11163, Sheet 5)	Charging Unit	2006/07	2005/06
The amount to be collected is \$28,070 (GST incl) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$519.82	\$477.55
Mourea (Plan number 11163, Sheet 4)	Charging Unit	2006/07	2005/06
The amount to be collected is \$49,025 (GST incl) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$335.79	\$289.00
Marama Point (Plan Number 11163, Sheet 14)	Charging Unit	2006/07	2005/06
The amount to be collected is \$20,938 (GST incl) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$268.44	\$289.00
Duxton (Plan number 11163, Sheet 5)	Charging Unit	2006/07	2005/06
The amount to be collected is \$14,102.14 (GST incl) A fixed amount	Annually	\$14,102.14	\$12,972.15

These targeted rates will be remitted if the ratepayer pays the Voluntary Lump Sum Capital Contribution by 25 August 2006 as listed below:

Voluntary Lump Sum Capital Contributions

Council sets the following amounts (GST inclusive) for ratepayers who elect to pay a one off voluntary lump sum capital contribution towards the capital cost of these sewerage schemes.

Okawa Bay	Per HUE	\$6,256.00
Mourea	Per HUE	\$4,041.00
Marama Point	Per HUE	\$3,231.00
Duxton		\$169,726.00

Targeted Rates for Refuse Collection

(Plan number 10196, Sheets 1 and 2)

Council set targeted rates for refuse collection from each residence, farm, and business unit within the respective service areas on a differential basis for refuse collection in urban and rural areas respectively, where the service is provided, as follows (GST inclusive):

Refuse Collection (Plan numbers 10196-002 [urban] and 10196-001 [rural])	Charging Unit	2006/2007	2005/2006
The total amount to be collected is \$1,834,875 (GST inclusive) (2006/07)			
Urban (weekly collection)	Annual	\$65.45	\$56.60
Urban (CBD twice-weekly collection)	Annual	\$130.90	\$113.20
Rural (weekly collection)	Annual	\$67.95	\$59.10

Rates Postponement

To cover costs, the following fees and charges are set for the 2006/2007 rating year. All fees and charges for this will be added as either a one-off or annual charge as the case may be, to the approved applicants rate account.

Initial Charges - One-Off (GST Inclusive)	Charging Unit	2006/2007
Application Fee	One-Off	\$100.00
Contribution to Counselling	One-Off	\$300.00
Half Year Interest Charges		
Interest calculated on Councils marginal borrowing rate 6 monthly on all amounts outstanding		
Annual Charges (GST inclusive)		
Annual Account Fee	Annual	\$50.00
Administration Fee	Annual	1.00%
Reserve Fund Fee	Annual	0.25%
Property Insurance *	Annual	TBA

* Property Insurance: A ratepayer must submit a current insurance certificate annually. If the ratepayer cannot afford separate cover Council will arrange cover.

Due dates for payment of rates

All rates (including targeted rates for water supply charged annually, but excluding targeted rates for water supply charged quarterly) will be payable in four instalments by the due dates, as follows:

<u>Instalment</u>	<u>Due Date</u>
Instalment Number 1	25 August 2006
Instalment Number 2	25 November 2006
Instalment Number 3	25 February 2007
Instalment Number 4	25 May 2007

Targeted rates for metered water supply charged quarterly (separately) will be payable within 30 days of invoice.

Discount for Prompt Payment

A discount, at a rate set annually, is allowed to any ratepayer who pays the total rates, charges, and levies as specified on the rates assessment, (excluding targeted rates for water supply charged quarterly), by the due date for the first instalment. The discount for 2006/2007 is 2%.

Penalties on unpaid rates

- **Current overdue rates instalments:**
A penalty will be added to any part of an instalment that remains unpaid after the due date for payment of the instalment. The penalty will be 10% of the unpaid instalment.
- **Arrears of rates (including past instalments):**
 - A further penalty of 10% will be added on rates assessed in any previous financial year and which remain unpaid on 12 July 2006.
 - A further penalty of 10% will be added on rates assessed in any previous financial year, plus any previous further penalty, and which remain unpaid on 12 January 2007.

Penalties on unpaid water invoices

- **Current overdue invoices for water supply charged quarterly:**
A penalty will be added to any part of an invoice that remains unpaid after the due date for payment of the invoice. The penalty will be 10% of the unpaid invoice.
- **Arrears of water rates (including past instalments):**
A further penalty will be added to unpaid water invoices (including penalties) at the beginning of the next financial year. The penalty will be 10% of the unpaid amount. A further penalty will be added on water invoices still owing 6 months after the above further penalty was added. The penalty will be 10% of the unpaid amount.

INDICATIVE GENERAL RATES 2006/2007

Overall general rates will increase 5.5% (excluding the impact of growth from subdivisions). This will not necessarily be the amount by which each ratepayer's share of general rates will increase or decrease. Other factors are involved. These are:

- The impact of the triennial revaluation of land value; and
- Changes to two business group differentials, as discussed in the policy statement.

The main influence will come from how much the land value of each property has moved in relation to other properties, both in the same differential group and in other differential groups.

The following chart shows average increases. The lower rates of increase in the urban business groups affect the incidence of rates between differential groups and thus across all ratepayers.

	Average Land Value		Average % Increase
	2002	2005	
Residential - vacant - urban	56,950	103,072	81%
Residential - vacant - rural	55,634	104,815	88%
Residential - two unit	53,380	103,526	94%
Residential - multi-unit	96,374	167,968	74%
Residential - general - urban	45,777	88,894	94%
Residential - general - rural	103,523	202,043	95%
Farming - general	462,099	841,595	82%
Business rural	149,970	272,692	82%
Business - urban outside CBD	134,657	235,501	75%
Business - Inside CBD	350,749	404,120	15%

Note that properties that were the same value in 2002 will generally have increased to different values in 2005. This means the schedule may not give a meaningful indication of what may have happened to each particular property. For a more specific indication, refer to the Rate Calculation Worksheet that follows the schedule.

Note also that this schedule deals only with general rates and the UAGC. Other rates are listed on the Rates Calculation Worksheet.

RATES CALCULATION WORKSHEET

Instructions on how to complete the Worksheet 2006/2007

To calculate the Rotorua District Council rates on your property please complete the worksheet below.

An example property with a property land value of \$90,000 (approximate average residential urban land value) has been prepared to help you complete the worksheet for yourself.

You will need to refer the Funding Impact Statement for certain other details. Water scheme availability and volume charges may be found. Where a property is not residential and more than one pan exists, please refer to Targeted Rates for Sewage Disposal.

Rate or Charge	Property land value:	Example Calculation	Your Property		
		\$90,000	\$		
		Sample Multiplier	Sample Rate	Your multiplier	Your rate
Uniform Annual General Charge	420.00	x 1	420.00	x 1	420.00
Lakes Enhancement Rate	16.00	x 1	16.00	x 1	16.00
Differential rate					
Residential group					
Residential - General - Urban	0.00625	x \$90,000	562.50	x	
Residential - General - Rural	0.00438			x	
Residential - Vacant - Urban	0.00563			x	
Residential - Vacant - Rural	0.00407			x	
Residential - Two Unit - Urban	0.00688			x	
Residential - Multi Unit	0.02658			x	
Farming rating group					
Farming - General	0.00407			x	
Business rating group					
Business - Inside CBD	0.02627			x	
Business - Urban Outside CBD	0.02627			x	
Business - Rural	0.01626			x	
Targeted water rate					
Urban	158.00	x 1	158.00	x	
Mamaku	129.00			x	
Rotoliti	96.40			x	
Rotoma	238.00			x	
Kaharoa	272.00			x	
Reporoa - Domestic	120.00			x	
Reporoa - Farming	174.00			x	
Hamurana	86.00			x	
Okareka	70.00			x	
Water scheme availability charge – not connected.	\$			x	
Metered water volume charge	\$			x	
Targeted sewerage rate					
Residential	306.00	x 1	306.00	x	
Multiple toilets – See page 328	\$			x	
Targeted Rates for Capital Cost of Sewerage Scheme					
Okawa Bay	509.20			x	
Mourea	310.94			x	
Targeted refuse collection rate					
Urban	65.45	x 1	65.45	x	
CBD	130.90			x	
Rural	67.95			x	
Total Rates and Charges incl. GST			\$1,527.95	My Rate	\$

LONG TERM FINANCIAL OBJECTIVES

Rotorua District Council's Long Term Financial Objectives	To achieve the objective of wise financial stewardship that promotes current and future interests of the community, the Council's high level focus is on:
<p>Operating Surplus Ensure future revenue levels achieve an operating surplus that can maintain current service levels while providing for inter-generational equity and funding consistent with the long term debt objective.</p>	<p>Adopting prudent funding and financial policies to provide predictability and certainty about sources and levels of funding.</p> <p>Ensuring transparent decision making processes are in place to allow choices to be made about activities Council undertakes and funds.</p> <p>Identifying corporate-wide strategies/initiatives that add value to achieving community outcomes and/or make continuous efficiency gains.</p>
<p>Revenue Ensure sufficient revenue to meet the operating surplus objective with predictability and certainty about sources and levels of funding.</p>	<p>Revenue: Recovering an appropriate share from users of services after taking into account factors such as fairness, equity, well-being and ability to pay, as scheduled in Council's Funding and Financing policy</p> <p>Rating: Maintaining a long term consistent level of rating that keeps rates increases as close as possible to CPI and growth after factoring in the current generation's contribution towards major capital improvements.</p> <p>Infrastructure pricing: Maintaining long term stable price paths directed at ensuring infrastructure is provided with sufficient quality and capacity, when needed, at sustainable prices.</p>
<p>Expenses Ensure expenses are consistent with the operating surplus objective and maintain agreed service level requirements.</p>	<p>Maintaining the capacity to provide agreed levels of service to meet the community's aspirations in economic, environment, social and cultural areas, balanced with the reality that Council has access to limited resources.</p>
<p>Debt Manage total debt at prudent levels that comply with the Treasury policy (interest below 15% total rates income; cash operating activities exceed interest expense by two times; no more than \$40 m or 50% of existing external borrowing (whichever is the greater) refinanced in one year).</p>	<p>Recognising the need to take a long term (at least 10 years) view of debt levels and risk management strategies to ensure financing costs are minimised and sustainable, given revenue levels available to the Council.</p>
<p>Net Worth Continue to increase net worth for current and future generations.</p>	<p>Maintaining asset infrastructural networks at sustainable levels now and into the future, to ensure the district has appropriate capacity and quality of assets at the right time and in the right place.</p> <p>Balancing the budget on a Council-wide basis each year by maintaining loans, rates and other revenue increases within the above policy constraints. Any years not meeting the above policy constraints will have formal approval by council for any exception to the above general policies.</p>