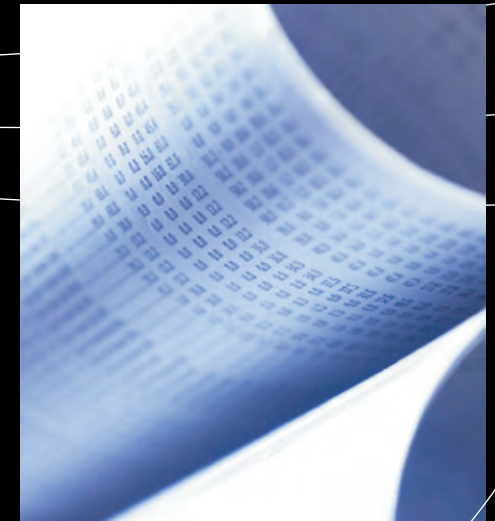


Part C Financial Statements and Supporting Information



Section 2 Funding and Financial Policies

funding and financial policies

Funding and Financial Policies

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 well-being 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 Council's policies in respect of funding of operating and capital expenditure.

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 funding sources in designing its funding and financial policies.

What activities should Council fund?

In this Ten Year Plan 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 Ten Year Plan addresses how Council can best fulfil these outcomes at the level of service required by the community.

The process also 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, well-being 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 Ten Year Plan and are categorised under the following headings:

- Governance and Strategic Direction
- Social and Cultural
- Environmental and Regulatory
- Tourism and Economic Development
- 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.

revenue and financing policy cont.

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 the cost and benefits of all its activities, having regard to cost, availability and use.

Direct charging mechanisms are used where individuals are considered to derive benefit and it is practical for Council to charge the user. These charging mechanisms mostly include: fees and charges as well as targeted rates for services.

For activities which benefit the wider community Council has reviewed whether there is more benefit derived by certain sectors of the community. It was concluded while some sectors may benefit from certain activities, other sectors benefit more from other activities. Therefore Council has funded most of the remaining costs of its activities (after deducting the user fees and charges and targeted rates for services) from the general rate and district-wide targeted rates.

Balancing funding requirements of today and those of tomorrow (intergenerational equity)

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
- water supply schemes
- waste water schemes

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

Other activities Council has resolved will be funded mostly by income derived from the activity. Consequently the borrowing relating to these activities is also "ring-fenced" and is consequently dealt with on an intergenerational basis. The activities include:

- Rotorua Airport
- Pensioner Housing

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 inter-generational 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 requires Council to adopt a funding strategy that charges and rates on a consistent basis over time, with each generation paying its fair share.

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 most of these costs from the persons and categories of people who cause the costs. The mechanisms mostly used are direct fees and charges.

Overall impact of allocation of liability for revenue

The fees, charges and other 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.

revenue and financing policy cont.

Council has 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 Council 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.

Differentials are 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.

Selection of the most appropriate charging mechanism

How does Council pay for these services?

Council derives its income from several sources, and 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
- 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 funded through development contributions, as prescribed in the LGA 2002 and/or by financial contributions prescribed in the Resource Management Act 1993.

Subsidies, grants and funding allocations

Council looks for opportunities to apply for alternative sources of funding including 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.

revenue and financing policy cont.

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 main 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 borrowings are only entered into where it is prudent to do so.

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, a differential is adopted 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.

Also, if a sector needs to be subsidised, then general rates are charged on a differential basis.

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 can be applied on property at a standard rate across the district.

Therefore high value properties pay more than low value properties. 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 collection.

Targeted rates 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 well-being of the community.

revenue and financing policy cont.

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 which are sustainable within the prudential guidelines set. These parameters are contained in the Treasury Policy.

Most of Council's activities are funded on a district-wide basis for the following reasons:

- 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 mostly funded from borrowing, subsidies and grants, depreciation (funded by revenue), asset sales and from operating revenue.

New capital developments are mostly 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, or extend the life 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.

Council's operating expenditure includes the day to day costs to maintain the operation of its activities.

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

Council's policy for funding operating expenditure is:

- a) Direct charging mechanisms to the extent considered reasonable and practical, including:
 - Sales, commission and investment income;
 - Fees and charges;
- b) Subsidies, grants and funding allocations where these are available
- c) Targeted rates where the beneficiaries can be identified and the benefit measured
- d) Balance by way of a UAGC (uniform annual general charge) and general rates levied on a differential basis.

revenue and financing policy cont.

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

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

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

Council mostly utilises the following sources to fund capital expenditure:

- a) Borrowing where this best matches charges placed on the community against the period of benefits, with repayment over several years;
- b) Proceeds of assets sales if available;
- c) Development contributions and financial contributions where these are appropriate;
- d) Subsidies, grants, and funding allocations where these are available;
- e) Targeted rates where the beneficiaries can be identified and the benefit recovered;
- f) UAGC, general rates and transfers from reserves
- g) Interest and dividends where available.

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 direct 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.

Further information and analysis concerning the funding of both operating and capital expenditure for the respective activities of Council is provided in the body of Council's Ten Year Plan in terms of the requirements set out in Section 101(3) of the Local Government Act 2002. This information includes:

- Beneficiaries of the activity
- Period of benefit
- Who creates the need for the activity
- The funding source
- Specific funding of estimated capital and operating expenditure.



funding policy table

Activities	Who benefits (user /beneficiary pay principle) and across groups								
	Total Community	Residential Urban	Residential Rural	Farming	Business	Individual Users	Users/Beneficiaries	Period of benefit (Intergenerational Equity Principle)	Are there Exacerbators Y/N
Governance and Strategic Direction Group									
Governance and Strategic Direction	✓		✓				All residents equally. Individual property owners.	Annual	No
Social and Cultural Group									
Public gardens and reserves (Including cemeteries)	✓		less	less		✓	Sports groups, reserve users (if area booked for event) and burials	Long Term	No
Community Engagement and Support Comprising: Community Assistance, Community Halls, Community Policy and Resources, Pensioner Housing	✓					✓	Recipients of community grants, hall users and pensioner housing tenants are the beneficiaries.	Long Term	No
Aquatic facilities	✓		less	less		✓	Users of Aquatic Centre	Long Term	No
Library	✓		less	less		✓	Users and borrowers	Long Term	No
Art & History museum	✓		Less	Less	More	✓	Visitors to museum	Long Term	No
Events and Venues	✓				More	✓	Users of venues. Also businesses that benefit from visitors coming to Rotorua	Long Term	No
Emergency management (Including rural fire)	✓		More	More			Whole community	Annual	No

funding policy table cont.

Will proposed funding allow residents access to facility or service	Are there any implications for specific groups e.g. community or business?	Is approach financially sustainable?	Does it provide incentive/disincentives e.g. environmentally friendly?	% funded from user fees and charges	% funded from targeted rates	% funded by general rate
Yes		Yes	N/A	10% - 20% (Property rental)	1% (for community board)	up to 90%
Yes	User groups and ratepayers	Yes	N/A	5% to 15%		85% - 95%
Yes	Community group expectations of ongoing support. Perceptions of inequality in support provided	Yes	N/A	15% - 25%		75% - 85%
Yes (although some lower socio-economic families may not always be able to use)	Users of facility will be affected directly by any fee change.	Yes	N/A	40% - 50%		50% - 60%
Yes	Ratepayers in outer rural areas possibly have less opportunity to access facility	Yes	N/A	5% -15%		85% - 95%
Yes	Residents able to access without fee. Businesses benefit from facility being an attraction	Yes	N/A	35% - 45%		55% - 65%
Yes, although residents can be excluded from venues as a result of high revenue events and conferences securing bookings	Increased visitors which assists businesses however, also increase in traffic congestion arising from major events and sports	Yes	N/A	25% - 35%	30% - 40%	25% - 45%
Yes	No (Rural Fire benefits those in the rural area)	Yes	N/A			100%

funding policy table cont.

Activities	Who benefits (user /beneficiary pay principle) and across groups								
	Total Community	Residential Urban	Residential Rural	Farming	Business	Individual Users	Users/Beneficiaries	Period of benefit (Intergenerational Equity Principle)	Are there Exacerbators Y/N
Environmental and Regulatory Group									
Animal control	✓					✓	Animal owners and whole community	Annual	Yes (dog owners)
Building Services	✓					✓	Property owners	Long Term. Benefits of regulation are intergenerational	Yes, property owners who undertake new building or alternations
Inspection Services	✓				More	✓	Individual property owners, specific businesses and the whole community	Mostly annual	Premises servicing food and/or liquor and properties connected to geothermal
Environmental implementation	✓					✓	Individual property owners and the whole community	Annual and long term	Individuals and groups wanting resource consents
Environmental planning policy	✓						Community as a whole.	Long Term	No
Infrastructural planning and compliance	✓					✓	Individual property owners and the whole community	Long term	Individuals and groups wanting resource consents are exacerbators
Parking Enforcement	✓				More (for businesses located in CBD)	✓	Visitors and residents parking in the CBD	Long term	Exacerbators are the visitors and residents who do not comply with parking regulations

funding policy table cont.

Will proposed funding allow residents access to facility or service	Are there any implications for specific groups e.g. community or business?	Is approach financially sustainable?	Does it provide incentive/disincentives e.g. environmentally friendly?	% funded from user fees and charges	% funded from targeted rates	% funded by general rate
Some people may not be able to afford to own dog.	Dog owners (affordability) and ratepayers.	Yes	Yes. By setting the fees at an affordable level it does not act as a barrier to dog owners registering their dogs	55% - 65%		35% - 45%
Yes	Affordability for property owners doing building or alterations	Yes	Yes. By setting the fees at an affordable level it does not discourage obtaining the necessary consents	70% - 80%		20% - 30%
Yes	Businesses servicing food and liquor. Property owners connected to geothermal.	Yes	Yes.	20% - 30%		70% - 80%
Yes	No	Yes	Yes. Encourages environmentally positive actions	10% - 20%		80% - 90%
N/A	No	Yes	N/A			100%
Yes	Developers, adds to cost of development.	Yes	Yes. Ensures compliance with Council requirements	100%		0%
N/A	Lower socio economic group likely to not have WOF or registration	Yes	Fines discourage undesirable behaviour (parking for lengthy period, driving unwarranted vehicle)	100%		0%

funding policy table cont.

Activities	Who benefits (user /beneficiary pay principle) and across groups								
	Total Community	Residential Urban	Residential Rural	Farming	Business	Individual Users	Users/Beneficiaries	Period of benefit (Intergenerational Equity Principle)	Are there Exacerbators Y/N
Infrastructural Group									
Stormwater and land drainage	✓		Less	Less			Property owners where systems in place and community as whole	Long Term	No
Waste management	✓		Less	Less		✓	Individuals disposing of waste, and community as whole	Long Term	Some exacerbators (Fly tipping)
Water Supplies						✓	Properties that are supplied/able to be supplied water	Long Term	No
Wastewater	✓					✓	Properties that are connected/able to be connected to wastewater system. Also community as whole	Long Term	No
Transport	✓		More	More		✓	Individual road users and community as a whole.	Long Term	No
City Service operations	✓				More	✓	Visitors and residents. Businesses in CBD. Also community as a whole	Long Term	No

funding policy table cont.

Will proposed funding allow residents access to facility or service	Are there any implications for specific groups e.g. community or business?	Is approach financially sustainable?	Does it provide incentive/disincentives e.g. environmentally friendly?	% funded from user fees and charges	% funded from targeted rates	% funded by general rate
N/A	No. Although could set targeted rate for designated scheme areas (ie charge lesser amount for rural residents)	Yes	N/A			100%
Yes	No	Yes	Landfill fees and limited collection service can result in greater level of littering	35% - 45%	25% - 35%	20% - 40%
Yes (where provided)	Greater cost for those connected to smaller schemes. Could consider amalgamating schemes	Yes	No incentive to conserve water as uniform targeted rate (except those on water by meter)		100% (including W-b-M)	
Yes (where provided)	High cost for property owners connecting to new schemes	Yes	N/A		100%	
Yes	More of roading budget spent in rural area	Yes	N/A	30% - 40%	60% - 70%	
Yes	Greater share of cost charged to business as considered they benefit more from activity	Yes	Parking fees encourages use of public transport and less traffic in metered areas	45% - 55%		45% - 55%

funding policy table cont.

Activities	Who benefits (user /beneficiary pay principle) and across groups								
	Total Community	Residential Urban	Residential Rural	Farming	Business	Individual Users	Users/Beneficiaries	Period of benefit (Intergenerational Equity Principle)	Are there Exacerbators Y/N
Tourism and economic development									
Economic development	✓				More		Businesses and commercial operators. Community as a whole	Annual and long term	No
Tourism (including marketing and travel office)	✓				More	✓	Visitors. Businesses and community as a whole	Annual and long term	No
Rotorua Regional Airport	✓				More	✓	Passengers, business and community as a whole	Long Term	No

funding policy table cont.

Will proposed funding allow residents access to facility or service	Are there any implications for specific groups e.g. community or business?	Is approach financially sustainable?	Does it provide incentive/disincentives e.g. environmentally friendly?	% funded from user fees and charges	% funded from targeted rates	% funded by general rate
Yes	Greater share of cost charged to business as considered they benefit more from activity.	Yes	N/A	25% - 35%	50% - 60%	5% - 25%
Yes	Greater share of cost charged to business as considered they benefit more from activity.	Yes	N/A	40% - 50%	40% - 50%	Up to 10%
Yes	Users of airport (Affordability of service)	Yes (Will depend on transtasman flights coming to Rotorua in future)	N/A	100%		

funding policy mechanisms (in summary) 2010

Total Revenue : Fund Operational and Capital Expenditure							
User Fees and Charges and Trading Revenue	Targeted rates for Water	Targeted rate for Wastewater	Uniform Annual General Charge (UAGC)	General Rates	Other Targeted Rates	Loans, Interest, Grants, Subsidy, Asset Disposal	Development Contributions (DC) and Financial Contributions (Funding Growth)
Total Rates Revenue (Funding operating and asset renewal costs)						Capital Funding	
<p>Fees and charges are to be increased regularly to ensure they are at least in line with CPI/inflation movements.</p> <p>New charging opportunities explored such as: parking on reserves property file access</p> <p>Reduces impact on rates.</p>	<p>Charged on a uniform basis to residents connected and capable of being connected to a Council scheme. There are some users (mostly larger commercial operations) that are charged on the basis of usage as measured by meter.</p> <p>Rates calculated on basis of annual cost for each individual scheme.</p> <p>Alternative is an equalised rate over all water supply schemes in district.</p> <p>Consider wider use of metering in longer term to assist with conservation.</p>	<p>Charged on a uniform basis to residents connected and capable of being connected to the Council scheme.</p> <p>Balanced budget will be important consideration in response to the \$32m grant and payment of lump sum contribution by some property owners on the establishment of the target rate to fund capital.</p> <p>Equalisation of operating costs will need to be monitored in a transparent manner.</p>	<p>Quantum as close to 30% cap (26% for 2008/09)</p> <p>Activities funded by the UAGC (previously simply a minimum contribution to Council services)</p> <p>Activities funded from the UAGC include:</p> <ul style="list-style-type: none"> - Governance & Strategic Direction - Emergency management - Community Engagement & Support - Public Gardens & Reserves - Animal Control - Waste Management - Land Drainage - Road Safety 	<p>Lower amount with greater use of targeted rates and increase in the UAGC.</p> <p>Will retain the land value based system.</p> <p>Growth in rating base will continue at around 1.5 % per annum which will allow increase in rates revenue without "rate in the dollar" of L.V. increasing.</p>	<p>Refuse collection rate for ratepayers receiving this service, also lake enhancement, urban sewerage development and lakes community board rates charged on a uniform basis.</p> <p>New targeted rates for roading, marketing, events promotion, CBD services and economic development. These rates will be charged on capital value (roading to all ratepayers and the other rates to the groups that benefit from these activities.</p> <p>These costs were previously funded from the general rate.</p>	<p>New capital mostly funded from loans – exception are grants and subsidies for specific projects such as roading and sewerage schemes.</p> <p>Rotorua Partners Programme will assist with capital for:</p> <ul style="list-style-type: none"> - Civic Theatre - Airport - Museum. 	<p>2005 growth assumptions were reviewed with no major change.</p> <p>Limited new capital expenditure included in schedule of work for DC policy.</p> <p>DC Levy similar to 2006 -16 Ten Year Plan.</p>
\$21.3m	\$6.6m	\$10.3m	\$13.5m	\$20.3m	\$15.2m	\$37.1m	\$3.1m

FINANCIAL IMPACTS

rating policy

Introduction

Council signalled in the last Ten Year Plan that it would review its rating policy and that it saw merit in considering a system based on capital value.

Council received significant feedback on the proposed capital value model released for public consultation in 2008. This feedback included 1400 formal submissions and a petition.

Council identified a number of key themes from submissions and has been looking at how we now make positive changes to the Council's rating system. Those key themes identified from the submissions in 2008 were:

- A pure capital value rating model is too simplistic and shifts inequities to other groups
- Acknowledgement of problems with the existing land value system established at amalgamation of the borough and county (e.g. utilities not rated)
- The need to use the 2008 revaluations to get a valid gauge of the true impact of proposed changes
- Objections to a 'wealth tax' approach – disincentive to invest/maintain properties
- More 'user pays' or targeted rates wanted
- Residential properties on the same street should pay the same or similar rates
- In the business sector, capital value being useful in reflecting services used
- Rates in Rotorua are already seen as being high
- Recognition of affordability among business and residential ratepayers and the impact of the current economic recession
- Rural residential ratepayers receiving less services and the fact that this needs to be recognised.

Council looked at the results of the 2008 revaluation and discussed the possible impacts of the existing rating framework. If no changes were made there would be some major rates increases in the 2009/10 year for:

- parts of city (e.g. Fordlands)
- the farming sector (not forestry however) and
- some industrial property.

Council felt this would be unfair and presented a new hybrid model (mix of capital and land value rating) to key stakeholders for informal feedback in December 2008.

In summary the new rating framework included in the draft Ten Year Plan 2009 - 2019 proposed:

- Increasing the Uniform Annual General Charge (UAGC) to \$550.
- Charging a targeted rate to all properties to pay for roads. This rate to be charged on capital value as the scale of development (CV) better reflects 'use' of roads e.g. hotels, factories, dairy farms.
- Charging a targeted rate just for businesses to cover Business & Economic Development. This targeted rate covers some of the costs of Economic Development, Rotorua Marketing, Tourism Travel and Information, and Event and Venues.
- Charging a smaller general rate using land value.

General rate differentials for farming and rural residential ratepayers were retained at a lower level, with business and multi-units paying a multiplier (a higher rate in the dollar) on their rates.

The policy around other targeted rates, such as refuse collection, sewerage and water, remains unchanged.

Subsequent feedback on this proposal from stakeholders and ratepayers had been more positive.

Changes for 2009/2010

Following the extensive consultation on different rating options Council will make the following changes for the 2009/2010 year:

- Reduce the number of differential groups from 11 to 10;
- Amend the definition of Residential – General – Urban to include retirement villages, vacant land zoned residential less than 5 hectares, and properties not otherwise categorised;
- Amend the definition of Residential – General – Rural to include vacant rural land less than 5 hectares, and properties less than 5 hectares not otherwise categorised;
- Amend the definition of Farming – General to include properties 5 hectares or greater in area not otherwise categorised;
- Amend the definition of Business – Urban to consolidate the inside and outside CBD groups. Retirement villages and properties not otherwise categorised are no longer part of this group;
- Amend the definition of Business – Rural so properties not otherwise categorised are no longer part of this group;
- Introduce a new differential group for Residential - Three Unit Urban;
- Introduce a new differential group for Residential - Four Unit Urban;
- Introduce new targeted rates for Roading;
- Introduce new targeted rates for Business and Economic Development and include accommodation operating from residential properties in this target group;
- Amend the Urban/Rural rating boundary to rationalise the allocation of properties along the existing boundary;
- Exclude properties located within the Environment Waikato region from being charged the Lakes Enhancement targeted rate.

rating policy cont.

Policy Statement

This policy uses differentials that have been modified to account for the new targeted rates for roading, and for business and economic development. New differential groups have been established for Three Unit and Four Unit Residential, with the properties concerned moving from the Multi Unit Residential group. New targeted rates have been established for Roothing, and for Business and Economic Development, with both of these new targeted rates having a fixed and a variable component, and with the latter also having differential components.

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.

Definitions

The term:

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

“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 is that where different parts of a property that constitute a rating unit are being used for different purposes, they may be rated differently).

“Residential purposes” means occupied or intended to be occupied for the residence of any household being a residential unit including holiday homes that may be let for short term periods.

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

“Retirement village” being as defined within the Retirement Villages Act 2003.

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

“Separately used or inhabited part” being any part of a rating unit that is or is able to be used or inhabited by the ratepayer or by any other person or body having a right to use or inhabit that part by virtue of tenancy, lease, licence or other agreement.

“Urban Sector” means the area as shown on the map below (a larger copy is available at the Council Civic Centre). The boundary has been set to recognise the urban growth trends and where properties have similar access to services (but not necessarily the same). This boundary will be reviewed from time to time as necessary to accommodate changes to the above and follows rating unit boundaries rather than dissecting properties.

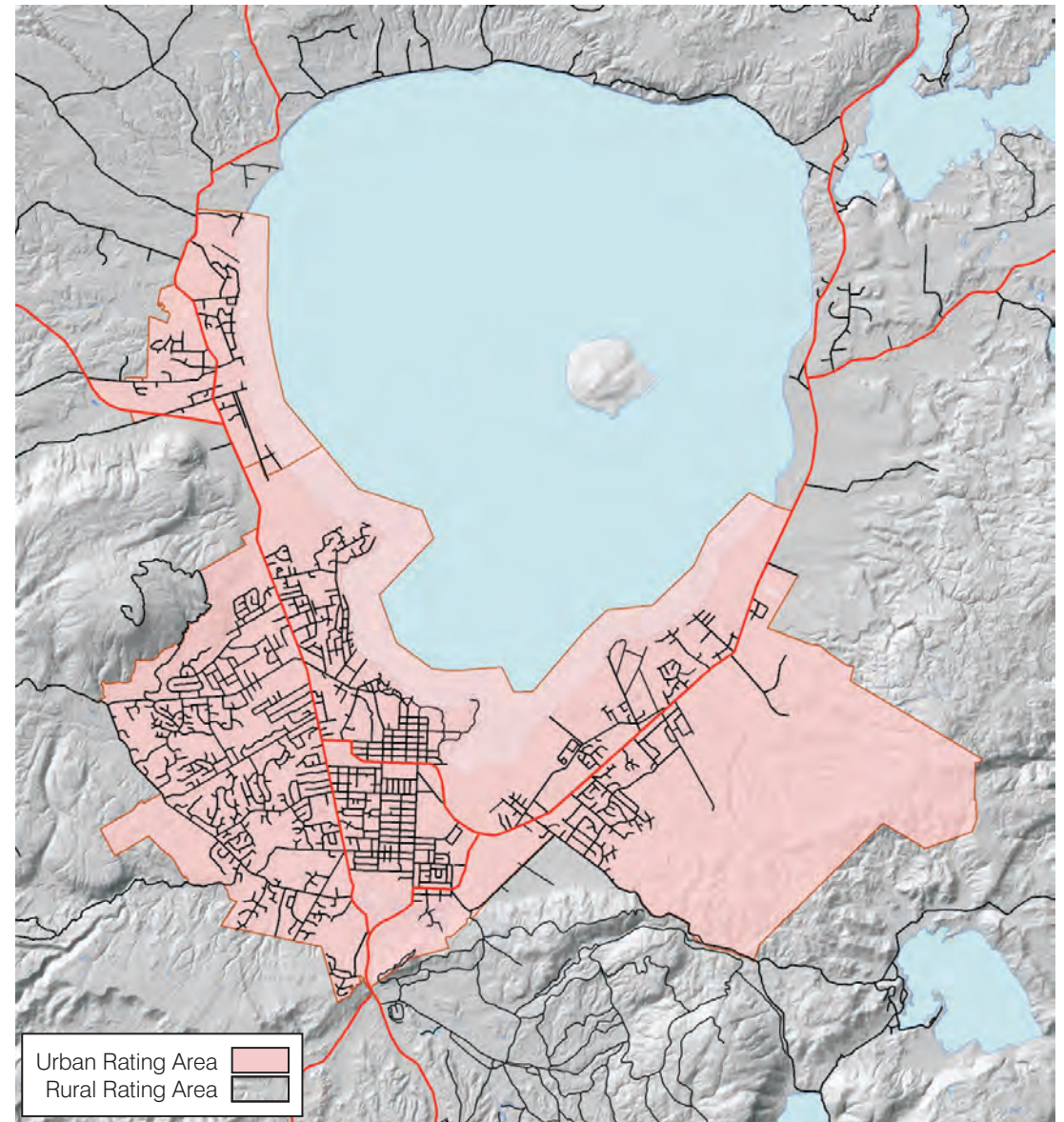
“Utilities” being all rating units situated within the Rotorua District that have been identified by the Valuer General as infrastructure utility networks.

“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.

rating policy cont.

Rotorua Urban Rating Boundary



rating policy cont.

Uniform Annual General Charge

Council sets a uniform annual general charge on every rateable rating unit in the District for the purposes of, but not necessarily limited to, funding the following types of activities of Council:

- Democracy and Kaupapa Maori services
- policy and strategic planning
- community assistance
- road safety initiatives
- community policy and resources
- rural fire service
- emergency management (Civil Defence)
- community halls
- animal control
- cemeteries and crematorium
- land drainage (stormwater)
- waste management
- district-wide reserves.

The UAGC is set at a level that is determined by Council each year, subject to the maximum allowed under Section 21 of the Local Government (Rating) Act 2002.

Differential General Rates

Council sets general rates on a differential basis:

- a) Council sets a general rate in the dollar on land value set differentially according to ten different rating categories to fund that part of the general revenues of Council that are not funded by the uniform annual general charge.
- b) 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.
- c) The relationship between the general rate differentials applicable for each rating category for 2009/2010 has been set as follows (with residential general urban stated as base 1.00 or 100%):

	Relative differentials for the general rate for 2009/2010
Residential rating categories	
1 Residential - General Urban	100%
2 Residential - General Rural	76%
3 Residential - Two Unit Urban	110%
4 Residential - Three Unit Urban	230%
5 Residential - Four Unit Urban	300%
6 Residential - Multi Unit Urban	380%
Farming rating category	
7 Farming - General	76%
Business rating categories	
8 Business - Urban	380%
9 Business - Rural	228%
Council rating category	
10 Council Property	380%

rating policy cont.

Differential categories

In general a rating unit will fit into one differential category only, however it is recognized that situations occur where a rating unit has multiple uses. In such cases there will usually be a principal or primary use and a secondary use e.g. a motel with a owner/manager residence attached, residence with a business operation, residence with bed & breakfast operation. In these cases where Council consider the secondary use is significant then that part of the rating unit may be rated according to the secondary use differential category. This applies to the general rate only.

The differential categories are as follows:

Residential - General Urban

Every property in the urban sector that is:

- a) Used for residential purposes (includes vacant residential zoned), which is not more than five hectares in area, and on which is situated not more than one residential unit (not being land zoned rural); or
- b) Zoned rural which is not more than five hectares in area, used for residential purposes (includes vacant residential), and on which is situated not more than one residential unit; or
- c) A retirement village; or
- d) Land not otherwise categorised.

Residential - General Rural

Every property in the rural sector which is not more than five hectares in area and:

- a) Used for residential purposes; or
- b) Vacant land zoned rural; or
- c) Land not otherwise categorised.

Residential - Two unit urban

Every property in the urban sector used for residential purposes on which is situated two residential units and being not more than five hectares in area.

Residential - Three unit Urban

Every property in the urban sector used for residential purposes on which is situated three residential units and being not more than five hectares in area.

Residential - Four unit Urban

Every property in the urban sector used for residential purposes on which is situated four residential units and being not more than five hectares in area.

Residential – Mult -unit Urban

Every property in the urban sector used for residential purposes on which is situated more than four residential units and being not more than five hectares in area.

Farming

Every property in the urban or rural sector which is zoned rural and more than five hectares and;

- a) Used for farming purposes or,
- b) Is vacant or,
- c) Not otherwise categorised.

Business - Urban

Every property in the urban sector which is:

- a) Used for any business or industrial purpose; or
- b) Vacant land which is not zoned residential or rural

This category includes utilities and their networks.

Business - Rural

Every property in the rural sector that is:

- a) Used for any business or industrial purpose; or
- b) Vacant land that is not zoned residential or rural.

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.

rating policy cont.

Targeted Rate for Lakes Enhancement

Council sets a targeted rate of a fixed amount on every rating unit in the district, excluding those that are within the Environment Waikato regional authority area, that pays a UAGC to contribute towards lakes enhancement by way of improving lakewater quality.

Targeted Rates for Water Supply

Council sets differentiated targeted rates for all:

- a) separately used or inhabited parts of a rating unit, to which water is provided, subject to any rating unit used primarily as a residence of one household being deemed to have a single water connection, or
- b) rating units which are serviceable.

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 the rating unit is within 100 metres of a Council water supply service and is within a water supply area.

Urban water supply

These rates are set on rating units identified on 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

These rates are set on rating units identified on 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

These rates are set on rating units identified on 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: Targeted rates for metered supply are invoiced quarterly by separate invoice.

Rotoiti water supply

These rates are set on rating units identified on 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 metered supply are invoiced quarterly by separate invoice.

Rotoma water supply

These rates are set on rating units identified on 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 metered supply are invoiced quarterly by separate invoice.

Hamurana water supply

These rates are set on rating units identified on 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 metered supply are invoiced quarterly by separate invoice.

rating policy cont.

Okareka water supply

These rates are set on rating units identified on 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 metered supply are invoiced quarterly by separate invoice.

Reporoa water supply

These rates are set on rating units identified on 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: Targeted rates for metered supply are invoiced quarterly by separate invoice.

Leakage

In respect of all metered water supply, where 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; or b) each 1.5 metres or part thereof of urinal; or c) from 1 to 4 wall mounted urinettes.
- "**Category 1**" means the rating units with 1 to 4 toilets.
- "**Category 2**" means the rating units with 5 to 10 toilets.
- "**Category 3**" means the rating units with 11 or more toilets.
- "**Availability**" means those properties which are serviceable rating units.

Council sets the following targeted rates:

Urban, Eastern and Rural Sewage Disposal

This rate is set on rating units identified on Plan number 11163 Sheets 2, 4, 5 and 14. 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]

rating policy cont.

Targeted Rate for Urban Sewerage Development

Council sets an urban sewerage development rate to fund the cost of sewerage capital work in the Ngongotaha, Fairy Springs, and Hinemoa Point areas by way of a uniform targeted rate on each rating unit in the "Urban Sector" that pays a UAGC.

Targeted Rates for Capital Cost of Sewerage Schemes

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

These rates are set to recover from existing ratepayers their share of the capital cost of their respective sewerage schemes. The rates are set after allowing for a general rate subsidy of \$1,500 per household unit equivalent.

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 the Okawa Bay, Mourea, Marama Point and Duxton area sewerage schemes as well as the Brunswick, Brunswick stages 4 and 6, Rotokawa, Lake Okareka, Okere/Otaramarae/Whangamarino, Fairy Springs/Paradise Valley, Gisborne Point/Hinehopu, Rotoma, Hamurana/Awahou and Mamaku sewerage schemes as detailed in the following policy statement.

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

- Okawa Bay
- Mourea
- Marama Point
- Duxton

Council will also set targeted rates on a differential basis for the capital cost of establishing the following sewerage schemes:

- Brunswick from 2009/10,
- Brunswick stages 4 & 6 from 2009/10,
- Rotokawa from 2009/10,
- Lake Okareka from 2010/11,
- Okere/Otaramarae/Whangamarino from 2011/12,
- Fairy Springs/Paradise Valley from 2012/13,
- Gisborne Point/Hinehopu from 2013/14,
- Rotoma from 2013/14
- Hamurana/Awahou and Mamaku from 2014/15,

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.

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

Ratepayers who have made or make a voluntary contribution towards the full share of the capital cost of their respective scheme will not be liable for this targeted rate. Voluntary contributions must be received by 15 June in the first financial year that Council charges a targeted for capital costs for the respective scheme.

Targeted Rate for Refuse Collection

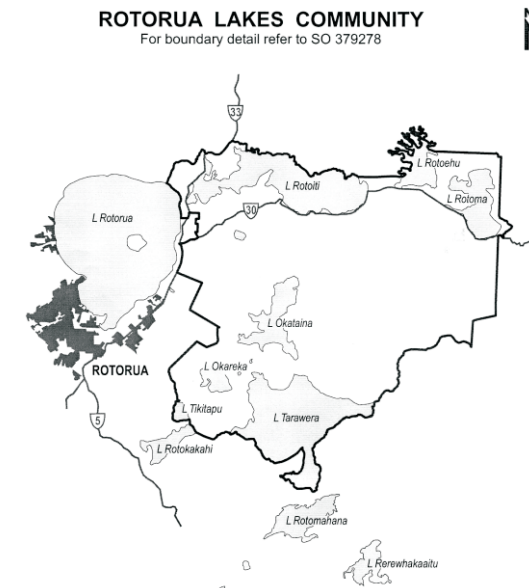
This rate is set on rating units identified on Plan number 10196, Sheets 1 and 2. Refer to Waste Management section of Infrastructural Group.

Council sets a differentiated fixed targeted rate for refuse collection from separately used or inhabited parts of a rating unit, subject to any rating unit used primarily as a residence of one household being deemed to have a single part, within the respective service areas for refuse collection in urban and rural areas respectively, where the service is provided.

- Urban 100% of the uniform sum
- Rural 100% of the uniform sum plus \$2.50
- Urban CBD (twice weekly collection) 200% of the uniform sum.

Targeted Rate for Lakes Community Board

Council sets a lakes community board uniform targeted rate to fund the community board costs on each rating unit that is wholly or partially within the area defined by the 2006 decision of the Local Government Commission, comprising the area delineated on SO Plan No.379278.



rating policy cont.

Targeted Rates for Roothing

Council sets targeted rates comprised of:

- a) a uniform fixed amount per rating unit in the District that pays a UAGC, and
- b) an undifferentiated rate in the dollar on capital value on every rating unit in the district

to contribute to the cost of roading throughout the district.

Targeted Rates for Business and Economic Development

Council sets:

- a) a differentiated fixed targeted rate and,
- b) a differentiated targeted rate in the dollar on capital value

for the purposes of contributing to the cost of:

- economic development
- Rotorua marketing
- tourism travel and information
- events and venues.

The relationship between the three categories for the purposes of setting these targeted rates in terms of the total revenue to be gathered has been set as follows:

	Revenue gathering split for the Business and Economic Development targeted rates
1 Business Urban & Rural	85%
2. Industrial	9%
3. Farming	6%
Total revenue to be generated	100%

- a) The differentiated fixed targeted rate will be set on every rating unit where the use of that rating unit or any part of the rating unit falls into one of the three categories described below. Where such a part is so used and that rating unit's principal use is residential, this rate will only apply if the use of the part is for providing short term accommodation.

The relationship between the three categories for the purposes of setting the differentiated fixed targeted rate has been set as follows:

	Relative differentials for the fixed Business and Economic Development targeted rate
1 Business Urban & Rural	100%
2. Industrial	100%
3 Farming	25%

- b) The differentiated targeted rate in the dollar on capital value will be set on every rating unit where either:
 - i) the principal use of that rating unit falls into one of the three categories described below, or
 - ii) part of the rating unit has a significant secondary use that falls into one of the categories described. Where such a part exists and that rating unit's principal use is residential, this rate will only apply if the secondary use is for providing short term accommodation.

The rate will apply only to the part of the rating unit allocated to the appropriate category.

Differential Categories for the Business and Economic Development Targeted Rates:

The differential categories are as follows:

Business Urban and Rural

Every property in the urban or rural sector and is used for any business purpose except industrial. This category includes utilities and their networks.

Industrial

Every property that has been categorised in the District Valuation Roll as being used for industrial purposes in accordance with the Rating Valuation Rules 2008.

Farming

Every property which is zoned rural and used for farming purposes and is:

- a) in the rural sector; or
- b) in the urban sector and is more than five hectares in area.

Note: "providing short-term accommodation" for the purposes of this rate includes the provision of accommodation as a B&B, lodge, retreat, farmstay or homestay or the provision of other similar short-term accommodation.

rates relief policies

Remission and Postponement of Rates Policy - Brief Statement

Council has the following rates relief 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 current overdue metered water invoices;
- c) Remission of penalties on arrears (including past overdue instalments);
- d) Remission of rates for extreme financial hardship;
- e) Rates Postponement;
- f) Remission of rates on land used for certain purposes;
- g) Policy for grants in lieu of rate remissions
- h) Remission of targeted rates for sewage from schools;
- i) Remission of rates for land affected by natural calamity;
- j) Remission of rates on Maori freehold land;
- k) Postponement of rates on Maori freehold land;
- l) Remission of rates for rating units held in a single subdivision block;
- m) Remission of rates for QEII National Trust Open Space Covenants
- n) Remission of rates in extraordinary circumstances;
- o) Remission of metered water charges where leak has been detected and repaired
- p) Discount for early payment of rates.

Council will delegate to Council officers authority to consider and approve all applications for remission or postponement of rates pursuant to Council's policies, except for (n) remission of rates in extraordinary circumstances. 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, must 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 Current Overdue Metered Water Invoices

Policy objective

The objective of this remission policy is to enable Council to act fairly and reasonably in its consideration of penalties on metered water invoices 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 metered water invoices

Council will consider remission of penalties on current overdue metered water invoices 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.

rates relief policies cont.

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.

rates relief policies cont.

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 than 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

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.

rates relief policies cont.

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 Council's 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.

rates relief policies cont.

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.

Council will continue to approve remissions to organisations that qualified for remission in the previous 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 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 are not entitled to rate remission because they are not the ratepayer under the Local Government [Rating] Act 2002), can receive an equivalent grant so that the net effect on them is similar to what it would be if they were the ratepayer.

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 not being otherwise eligible for rate relief..

Conditions and criteria for grants in lieu of rate remissions

This policy will apply to organisations that do not operate for any private pecuniary profit of members and the land used exclusively or principally for any 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 rates remission 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.

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.

rates relief policies cont.

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 Multiply-owned Maori Freehold Land

Policy objectives

The objective of this remission policy is to remit rates where the Local Government (Rating) Act 2002 does not provide for any persons to be named as ratepayers, or where the trustees are exempt from liability pursuant to section 93 of the aforementioned Act. Categories of land typically affected are:

- a) land unoccupied and no income derived from the use or occupation of that land; or
- b) land better set aside for non-use (whenua rahui) because of its natural features and is so set aside; or

- c) land inaccessible and unoccupied; or
- d) land is unoccupied portion of a block where only a portion is occupied.

Council will consider remission in part of rates on multiply-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 Multiply owned Maori freehold land

Council's policy in respect of postponement of rates on multiply-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 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.

rates relief policies cont.

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 extraordinary circumstances have arisen by virtue of transition to the new rating policy for 2009/2010.

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 Metered Water Charges Where Leak Has Been Detected and Repaired

Policy Objective

The objective of this remission policy is to provide a measure of rates relief where a water leak has been detected on the ratepayer's property, and prompt remedial action to repair the leak has been undertaken. However the ratepayer is responsible for water leaks and the usage of water on their property.

Conditions and criteria for remission of metered water charges

Council will consider remissions of metered water charges under the following circumstances;

- a) where a leak has been detected on the ratepayer's property, and that leak has been promptly repaired; and
- b) the leak has resulted in charges in excess of expected usage ; and
- c) when applied for in writing, with evidence that a leak has occurred and documentation of the repairs undertaken.

The amount to be remitted is determined from the average of the previous four quarterly readings. The amount is doubled and deducted from the total water consumption of the period in question. Up to 50% of the difference will be remitted. Ratepayers are limited to one application for a water leak remission within any one year period for a particular property. Re-occurring annual remission requests may be declined.

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.

treasury policy

Introduction

Council's Treasury Policy establishes borrowing limits that are realistic in the current and anticipated future financial climate. The policy also ensures inter-generational equity and enables prudent financial management for ratepayers of the district.

Philosophy

Council has treasury risks arising from raising loans, investments and associated interest rate management activity.

Council carries out its borrowing and investments (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 and Ten Year 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 inter-generational 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 15% of total annual revenue.
- Net cashflows from operating activities are to exceed gross annual interest expense by a multiple of at least 2.
- Maximum debt not to exceed 20% of total assets.

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 \$60 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 overleaf 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.

treasury policy cont.

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 Ten Year Plan 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 – 2 years	40%	90%
3 - 5 years	30%	70%
5 – 10 years	0%	60%
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.

treasury policy cont.

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.

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



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Development Contributions Policy

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development contributions

1. Background

1.1 Introduction

This Development Contribution policy establishes a consistent and equitable basis for requiring those undertaking development within the Rotorua District to pay a fair share of the community's capital expenditure for the provision of community and network infrastructure.

Under this policy, a Development Contribution is in the form of a money payment from developers to fund the additional demand for community facilities created as a result of growth. Although the policy could, by law be extended to include a contribution from developers of land, this policy does not do so. Rather, any investing of land in Council will be pursuant to its financial contributions policy as contained in the District Plan or proposed District Plan.

Community infrastructure includes public amenities such as; libraries, museums, event venues, sports grounds, aquatic centres, boat ramps, and playgrounds.

Network infrastructure includes water, wastewater, land drainage and transportation.

Definitions of those terms, and others included in this policy, are set out in Appendix J.

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 Supporting Legislation and Policies

Under the LGA 2002, Council must adopt funding and financial policies in order to provide predictability and certainty about the sources and levels of its funding. The policies may be adopted by way of the LTCCP. Council is obliged to adopt a policy on Development Contributions, though may adopt both. Council has

elected to have both a policy on Development Contributions and financial contributions. The Development Contributions policy is adopted pursuant to the LGA 2002, and the financial contributions policy is adopted pursuant to the RMA1991. Within this LTCCP (also called the Ten Year Plan) community outcomes are identified which are unique to Rotorua. These outcomes need to be supported by levels of service to be achieved in community infrastructure and network infrastructure to service the present and future community.

Council's existing Development Contribution policy, originally adopted on the 26th June 2006, contributes to these community outcomes by ensuring the provision of appropriate infrastructure in order to meet the needs of growth. The existing policy may only be amended by way of a LTCCP. This LTCCP, once adopted by Council, will include its new Development Contributions policy.

2. What is a Development Contribution?

2.1 In terms of the policy, this is a contribution towards the cost of providing the increase in capacity of the network infrastructure and the community infrastructure, which is external to the boundaries of the development site, that is required to service the increase in demand generated by growth.

2.2 A Development Contribution is to fund an increase in the overall demand for services across the district or a catchment area rather than to fund a specific development.

2.3 Council Use of Development Contributions

Council will use Development Contributions only on the activity, as opposed to any specific project, for which

they are collected. 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 collected to support the following activities:

Network Infrastructure

- Transportation (road, bus, pedestrian, cycle etc.)
- Water Supply
- Wastewater
- Land Drainage and stormwater

Community infrastructure

- Public Amenities

¹ 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.

development contributions cont.

2.4 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 RMA 1991, 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.

2.5 Capital Expenditure Council Incurs as a Result of Growth

The estimated capital expenditure Council has identified, as a result of growth, to meet increased demand for transportation, water, wastewater, land drainage and public amenities, over the next 10 years, is summarised in Appendix D, Table 2.

The growth component, excluding funding from other sources, of the capital expenditure budgets will be funded by Development Contributions. The backlog and renewal portions of capital expenditure will be funded from sources other than Development Contributions.

Previously 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, Table 1.

2.6 Timing, Implementation and Application

Development Contributions will be assessed on the date when:

- a resource consent (subdivision or land use) is granted,
 - a building consent is granted,
 - a service connection is approved,
- whichever is the earliest.

See Appendix H for timing, collection, payment and enforcement details. Development Contribution charges will be based on the Development Contributions schedule of fees (Appendix B, Table 1) in force at the date the payment is made.

A developer may elect to pay Development Contributions once an assessment has been made. If a developer elects to defer payment, any increases in the charges payable under Appendix B will be payable by the developer.

This Policy is to be reviewed every three years with the LTCCP and the schedule of costs are reviewed every year in the annual plan.

2.7 Policy Transitional Arrangements

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.

The policy was initially implemented by Council on 1 July 2006. Any subdivision and land use consent applications lodged before 14 March 2006 or consented before 30 June 2006 will not be subject to a development contribution charge.

2.8 Assessment and payment of Development Contributions

Table 1: Schedule of events that will give rise to a requirement for a Development Contribution

Action	Timing of Development Contributions Milestones – Residential and Non-Residential Applications
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 s224(c) Certificate, (RMA 1991); or 2. Within 180 days of issuance of Building Consent; or prior to issuance of code of compliance certificate (whichever is the earlier) 3. On granting of a land use consent (other than subdivision or building consent) 4. Before issue of authority to make service connection.

method of calculation and growth projections

3. Method of Calculation and Growth Projections

3.1 Household Unit equivalents (HUEs)

Council is required, by the LGA 2002, to consider Development Contributions in terms of units of demand. The unit of demand in this policy will be a Household Unit Equivalent (HUE).

For each network infrastructural activity (transportation, water supply, wastewater and land drainage) or community infrastructure (public amenity) 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 (see Section 4) for any entitlement existing prior to the proposed development, reflecting existing demand on services.

3.2 Growth Projections

The District's growth projections have been developed in order to predict growth throughout the District in 'Household Unit Equivalents'. A HUE is defined as being equivalent to one 'average' household unit which means a self-contained home or residence which includes kitchen facilities and a bathroom.

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 Ngongotaha unit will experience stable growth. It is recognised that Rotorua is experiencing growth. Rotorua District Council will continually monitor growth and improve the growth forecasting techniques.

It is recognised that household units vary in size and occupancy rates 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 projections.

3.3 Financial Contributions and the RMA

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 RMA 1991, and are used to offset or mitigate any adverse impacts on the natural and physical environment including utility services of a new development where the infrastructure works have not been identified in a Development Contribution policy.

Council already has a number of Financial Contribution provisions in place. Council will continue to impose as a condition of resource consent, financial contributions in accordance with the District Plan for works and services to supply the immediate proposed development that are not covered by the Development Contributions policy.

In accordance with the LGA 2002, Council cannot require a Development Contribution for an activity if a Financial Contribution has already been imposed as a condition of a resource consent in relation to the same development for the same purpose.

The capital expenditure in Appendix D, Table 2 does not include any components of past projects funded by Financial Contributions.

3.3.1 On site works

The developer shall provide the following, within the boundaries of the development site, as a consent requirement under the District Plan as a result of an RMA 1991 process:

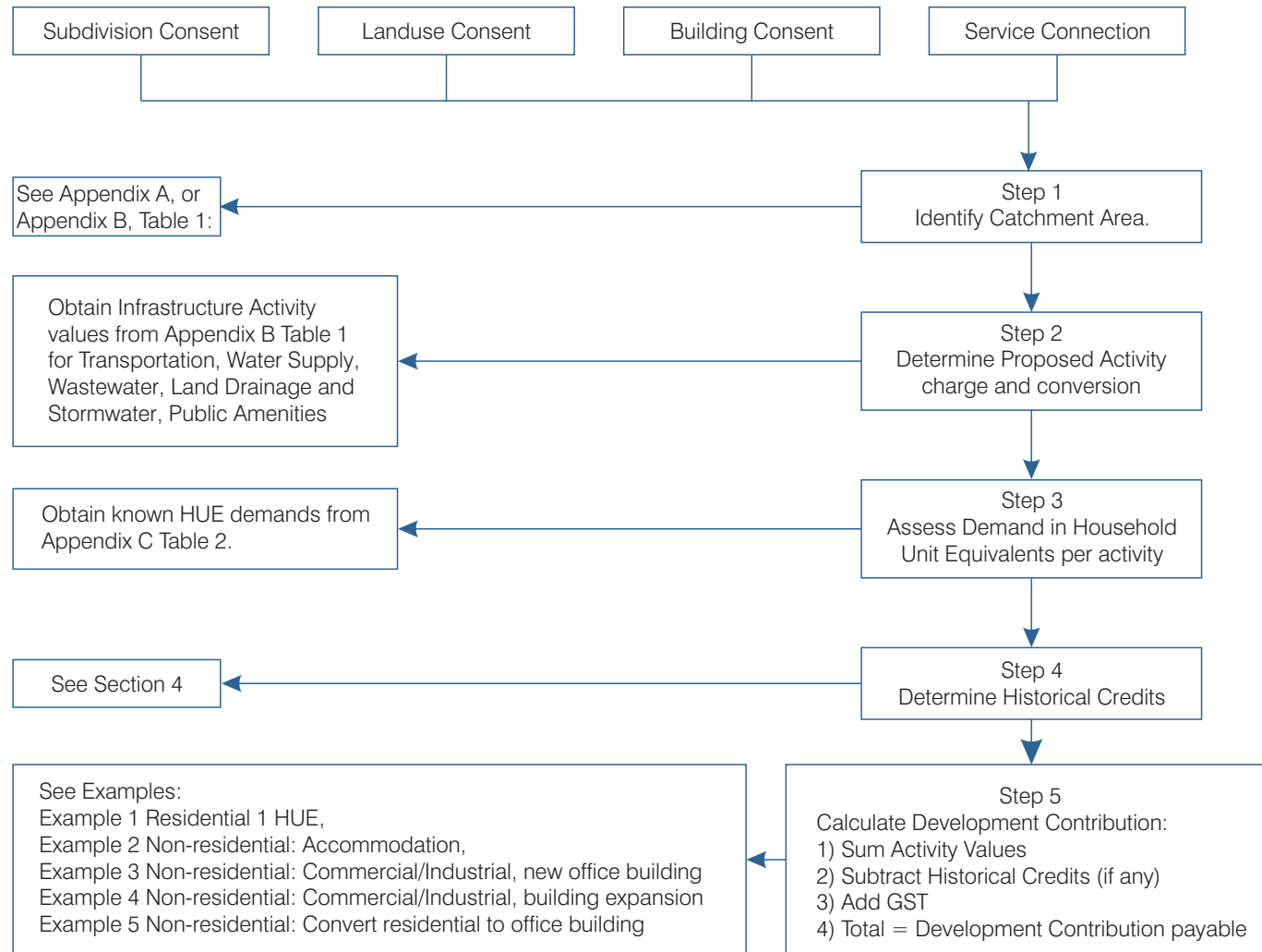
- Road, transportation and car parking infrastructure and landscaping requirements
- Water supply network
- Wastewater network
- Land drainage collection and disposal infrastructure
- Other services as required in the District Plan
- All other utility services (not managed by Council)

The developer funding for reserve land purchase is carried out utilising the Financial Contribution provisions of the RMA 1991 through Council's District Plan or proposed District Plan, and not as part of this policy. The Community Infrastructure charge in the Development Contribution assessment relates to the provision of infrastructure and public amenities.

Under conditions of a resource consent issued under the RMA 1991, Council may still require a developer to mitigate specific adverse environmental effects relating to a development.

method of calculation and growth projections cont.

Diagram 1: Development Contribution Process



method of calculation and growth projection cont.

3.4 Additional Household Units

In general, Development Contributions will be assessed at subdivision consent stage. However additional demand is created by additional household or HUE equivalent units on land already subdivided. In such cases, 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.

3.5 Changes in Activity or Land Use

If a subsequent land use changes the nature of activities previously envisaged, the development contribution will be reassessed at the first opportunity; i.e. land use consent, at the building consent stage, or at the service connection stage.

3.6 Development Contribution Calculation

The Development Contribution process is summarised in Diagram 1 and Table 2.

Residential

There will be a Development Contribution on any additional titles created by subdivision or any additional dwelling(s) created in the absence of subdivision.

Non-residential

There will be a development contribution on any additional titles created by subdivision or additional building gross floor area (GFA) created in the absence of subdivision or if there is a change in land use or activity: refer to section 3.5 above.

For Rural developments see Appendix E, section 4.4.

For Apartments, Household Units and Residential Villages refer to Appendix E, section 4.1.

Table 2: Process for Determining Development Contribution Charge for both Residential and Non-Residential Development.

Steps	Residential or Non Residential
Step 1 – Identify Catchment	Go to Appendix A (or Appendix B, Table 1) to determine which catchment the development lies within.
Step 2 – Determine Proposed Activity	Go to the Development Contributions schedule (Appendix B, Table 1) and identify the charges payable per HUE and applicable conversion factor for the catchment for each activity.
Step 3 – Assess Demand in HUEs per activity	<p>Residential In residential development there is 1 HUE per additional lot or additional dwelling created, per activity. Determine the number of HUEs.</p> <p>Non-residential Determine the number of HUE equivalents per activity using the appropriate method defined in Appendix E, and also referring to Appendix B and C.</p>
Step 4 – Determine Historical Credits	For each activity determine any credits applicable to the residual title. (See Section 4 Credits)
Step 5 – Calculate Development Contribution	For each activity: a) multiply the number of HUEs (Step 3) by the charges payable (Step 2) and b) subtract for each activity any applicable historic credits. Sum the results for each activity, to achieve the total charge and add GST.

credits

4. Credits

4.1 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.

4.2 General Principles

- 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.
- Credit HUEs for all activities must be allocated to the same allotment or allotments and cannot be transferred or reimbursed.
- Credits relate only to lawfully established and permitted buildings and activities.
- Any excess historical credits as a result of amalgamation of titles will lapse if not utilised within a period of three years of the date of amalgamation. Allotments to be separated from amalgamated titles (s226 RMA 1991) will pay a Development Contribution, taking into account historic credits.
- For non-residential activities there will be a historic credit time limit where the activity has lapsed, or the buildings have been demolished, for more than three years preceding the re-development.
- Non-residential credits will relate to the existing lawfully established use of the property and buildings as at 1 July 2006 when the Development Contribution policy came into effect, unless the lapsed use is permitted under the current adopted District Plan.

- If a building relating to an existing use is demolished after 1 July 2006 and not replaced, a Development Contribution credit assessment will be carried out at the time of the demolition building consent and a historic Development Contribution credit will be recorded on the Council file for the use of the property in the future

4.2.1 Residential

- All existing vacant residential Lots have a credit of 1 HUE
- Residential credits shall be granted on the basis of 1 HUE per relevant activity (eg transportation, water supply, wastewater, stormwater and land drainage) per existing allotment (or 1 HUE per activity per existing dwelling) before 1 July 2006.
- Where an additional dwelling has been erected on an existing title before 1 July 2006, one HUE credit will apply for the additional dwelling.
- Where an additional dwelling assessed at less than 1 HUE has been erected on the same site after 30 June 2006, the credit will be in accordance with the Development Contribution assessed and paid.
- For the calculation of residential credits there is no historical time limit and all previous credits shall be taken into account.

4.2.2 Non Residential

- Non-residential credits shall be granted on the basis of the number of HUE calculated at the time of application and according to the actual existing development, if any.
- 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.
- Historic credits shall be assigned upon subdivision to the new allotments on a pro rata GFA basis, except for credits for existing buildings which will stay with the new lot that the building occupies.
- No credit HUE equivalents will be allocated to undeveloped non-residential allotments except for credits from resource consents issued after 30 June 2006.
- Any previous consent which has been granted but not uplifted (e.g. s224 RMA 1991) and the development or financial contributions not paid, does not represent a historical credit.

examples: development contributions calculations

5. Examples

A Development Contribution amount is always assessed on the information supplied by the applicant at the time. Should this information change between the assessment and invoicing, the Development Contribution amount may be recalculated.

The Development Contribution calculation is dependent on the locality and the catchment of the activities, and the landuse specified in the consent, therefore the following examples are indicative only.

Examples follow Steps 1-5 as referred to in Diagram 1 and Table 2

Example 1: Residential 1 HUE central urban

Type of Development:

Subdividing 1 existing Lot into 2;
Adding an additional house;
Connecting to Council services

Consent Application:

Subdividing 1 existing Lot into 2;
Adding an additional house;
Connecting to Council services

Existing Lot:

The Development Contribution Charge only applies to the new lot, new home or service connection

What is the floor area of the proposed new dwelling?

Refer to graduated scale of charges for Household Unit floor areas as outlined in Appendix E, Section 4.

If floor area of HUE is less than 40m² then no Development Contribution is payable, as it is considered as a Granny Flat.

If the existing lot is vacant, a credit of 1 HUE will apply.

From Table 1, Appendix B, select appropriate Catchment (see catchment Maps, Appendix A) and associated schedule of charges

Catchment	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Central Urban & Basin	\$2,834.89	\$3,112.99	\$3,928.42	\$630.81	\$3,047.59

Development Contribution for 1 HUE (excl GST) = \$13,554.70

GST = \$ 1,694.34

Development Contribution for 1 HUE (incl GST) = \$15,249.04

examples: development contributions calculations cont.

Example 2:

Non-residential

Accommodation, central urban area

Type of Development:

Expansion of an existing Motel of 21 beds and 1 residential unit

New development will have 46 beds and 1 residential unit

Consent Application:

Land use Consent

Building Consent

Development Details

Development Summary	New Motel	Historic Credits
Beds	46	21*
Residential Unit	1	1

* Note that the accommodation beds is based on the documented existing lawfully established bed numbers based on the previous existing Land use or Building consent.

Step 1

From Table 1, Appendix B, select appropriate Catchment (see catchment Maps, Appendix A) and associated schedule of charges

Catchment	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Central Urban & Basin	\$2,834.89	\$3,112.99	\$3,928.42	\$630.81	\$3,047.59

Step 2

From Tables 1 and 2, Appendix C, select appropriate non-residential HUE conversion factors

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
	Bed nights	Bed nights	Bed nights	Bed nights	Bed nights
Central Urban & Basin	0.001	0.001	0.001	0.001	0.001

examples: development contributions calculations cont.

Step 3 New Development

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUEs'

No. of beds	46	from Development Details table above
Bed nights	365	Bed nights/year
Occupancy rate for Motel	50%	from Appendix E, Section 4.2.1
HUE/bed night/activity	0.001	from step 2 above
Activity Charge/1 HUE	\$	from step 1 above

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Beds	46	46	46	46	46
Bed nights	365	365	365	365	365
Motel Occupancy rate	0.5	0.5	0.5	0.5	0.5
HUE/bed night/activity	0.001	0.001	0.001	0.001	0.001
Activity Charge/1 HUE	\$2,834.89	\$3,112.99	\$3,928.42	\$630.81	\$3047.59
Development Contribution charge/Activity - new beds	\$23,798.90	\$26,133.55	\$32,979.09	\$5,295.65	\$25,584.52
Development Contribution charge/Activity - 1 HUE	\$2,834.89	\$3,112.99	\$3,928.42	\$630.81	\$3047.59
Development Contribution (new beds + 1 HUE)	\$26,633.79	\$29,246.54	\$36,907.51	\$5,926.46	\$28,632.11

examples: development contributions calculations cont.

Step 4 Existing Development (Credits)

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUEs'

No. of beds	21	from Development Details table above
1 Residential Unit	1	from Development Details table above
Bed Nights	365	Bed nights/year
Occupancy rate for Motel	50%	from Appendix E, Section 4.2.1
HUE/bed night/activity	0.001	from step 2 above
Activity Charge/1 HUE	\$	from step 1 above

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Beds	21	21	21	21	21
Bed nights	365	365	365	365	365
Motel Occupancy rate	0.5	0.5	0.5	0.5	0.5
HUE/bed night/activity	0.001	0.001	0.001	0.001	0.001
Activity Charge/1 HUE	\$2,834.89	\$3,112.99	\$3,928.42	\$630.81	\$3,047.59
Development Contribution charge/Activity - existing beds	\$10,864.72	\$11,930.53	\$15,055.67	\$2,417.58	\$11,679.89
Development Contribution charge/Activity - Historic credits*	\$13,699.61	\$15,043.52	\$18,984.09	\$3,048.39	\$14,727.48

*(existing beds + 1 residential unit)

examples: development contributions calculations cont.

Step 5

Development Contribution payable (for each activity: subtract credits from the new beds total)

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
New Development Contribution - Step 3	\$26,633.79	\$29,246.54	\$36,907.51	\$5,926.46	\$28,632.11
Existing Historic Credits - Step 4	\$13,699.61	\$15,043.52	\$18,984.09	\$3,048.39	\$14,727.48
Development Contribution (Step 3 - Step 4) (excl GST)	\$12,934.19	\$14,203.02	\$17,923.42	\$2,878.07	\$13,904.63
GST	\$1,616.77	\$1,775.38	\$2,240.43	\$359.76	\$1,738.08
Development Contribution payable (incl GST)	\$14,550.96	\$15,978.39	\$20,163.84	\$3,237.83	\$15,642.71

Development Contribution (excl GST) = \$61,843.32

GST = \$7,730.41

Development Contribution (incl GST) = \$69,573.73

examples: development contributions calculations cont.

Example 3:

Non-residential

Commercial/industrial new office building, central urban

Type of Development:

New building

Consent Application:

Subdivision Consent

Land use Consent

Building Consent

Lot:

Existing use

Vacant

Planned use

Commercial Office building

Number of floor levels

One

Development Details

Development Summary	m2
Existing Gross Floor Area (GFA)	0
Existing Impervious Surface Area (ISA)	0
New Gross Floor Area (GFA)	570
New Impervious Surface Area (ISA)	650

Step 1 and 2

Activity Charges/HUE

Activity from Appendix C, Tables 1 & 2	Charge (\$)	HUE/100m2
Transport (GFA) – Commercial and Industrial	2,834.89	1.17
Water (GFA)	3,112.99	0.162
Wastewater (GFA)	3,928.42	0.108
Land Drainage (ISA)	630.81	0.198
Public Amenities (not applicable to commercial)	0	0

examples: development contributions calculations cont.

Step 3 New Development

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUEs'

Determine GFA or ISA for appropriate activities from Development Details table above
Activity Charge/1 HUE from Step 1 above

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
GFA or ISA (m2)	570	570	570	650	0
GFA or ISA (100m2)	5.7	5.7	5.7	6.5	0
HUE conversion/activity	1.17	0.162	0.108	0.198	0
Activity Charge/1 HUE	\$2,834.89	\$3,112.99	\$3,928.42	\$630.81	0
Development Contribution charge/Activity (excl GST)	\$18,905.88	\$2,874.53	\$2,418.34	\$811.85	\$0.00

Step 4
Historic Credits: No credits available as this site is vacant

Step 5
Development Contribution payable

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Development Contribution charge/Activity (excl GST)	\$18,905.88	\$2,874.53	\$2,418.34	\$811.85	\$0.00
GST	\$2,363.24	\$359.32	\$302.29	\$101.48	\$0.00
Development Contribution charge/Activity (incl GST)	\$21,269.12	\$3,233.85	\$2,720.63	\$913.33	\$0.00

Development Contribution (excl GST) = \$25,010.60
GST = \$3,126.33
Development Contribution (incl GST) = \$28,136.93

examples: development contributions calculations cont.

Example 4:

Non-residential

Commercial/Industrial Significant Commercial Building Expansion.

Type of Development:

Expansion

Consent Application:

Land use Consent

Building Consent

Lot:

Existing use

Small commercial building

Planned use

Commercial/Industrial

Development Details

Development Summary	m2
Existing Gross Floor Area (GFA)	690
Existing Impervious Surface Area (ISA)	770
Potential Gross Floor Area (GFA)	8500
Potential Impervious Surface Area (ISA)	10200

Step 1 and 2

Activity Charges/HUE

Activity from Appendix C, Tables 1 & 2	Charge (\$)	HUE/100m2
Transport (GFA) – Commercial and Industrial	2,834.89	1.17
Water (GFA)	3,112.99	0.162
Wastewater (GFA)	3,928.42	0.108
Land Drainage (ISA)	630.81	0.198
Public Amenities (not applicable to commercial)	0	0

examples: development contributions calculations cont.

Step 3 New Development

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUEs'

Determine GFA or ISA for appropriate activities from Development Details table above
 HUE/activity from step 2 above
 Activity Charge/1 HUE from Step 1 above

Non-residential HUE conversion factors	Transportation	Water	Waste Water	Land Drainage and Stormwater	Public Amenities
GFA or ISA (m2)	8500	8500	8500	10200	0
GFA or ISA (100m2)	85	85	85	102	0
HUE conversion/activity	1.17	0.162	0.108	0.198	0
Activity Charge/1 HUE	\$2,834.89	\$3,112.99	\$3,928.42	\$630.81	0
Development Contribution charge/Activity (excl GST)	\$281,929.81	\$42,865.87	\$36,062.90	\$12,739.84	\$0.00

Step 4 Historic Credits

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUEs'

Determine GFA or ISA for appropriate activities from Development Details table above
 HUE/activity from step 2 above
 Activity Charge/1 HUE from Step 1 above

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
GFA or ISA (m2)	690	690	690	770	0
GFA or ISA (100m2)	6.9	6.9	6.9	7.7	0
HUE conversion/activity	1.17	0.162	0.108	0.198	0
Activity Charge/1 HUE	\$2,834.89	\$3,112.99	\$3,928.42	\$630.81	0
Development Contribution charge/Activity (excl GST)	\$22,886.07	\$3,479.70	\$2,927.46	\$961.73	\$0.00

examples: development contributions calculations cont.

Step 5 Development Contribution payable

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Development Contribution charge/Activity - new development	\$281,929.81	\$42,865.87	\$36,062.90	\$12,739.84	\$0.00
Development Contribution charge/Activity - historic credits	\$22,886.07	\$3,479.70	\$2,927.46	\$961.736	\$0.00
Development Contribution charge/Activity (excl GST) (new - existing)	\$259,043.74	\$39,386.17	\$33,135.44	\$11,778.11	\$0.00
GST	\$32,380.47	\$4,923.27	\$4,141.93	\$1,472.26	\$0.00
Development Contribution charge/Activity (incl GST)	\$291,424.21	\$44,309.44	\$37,277.37	\$13,250.37	\$0.00

Development Contribution (excl GST) = \$343,343.46
 GST = \$42,917.93
Development Contribution (incl GST) = \$386,261.39

Note: Application to Industrial Subdivision

The Development Contribution calculation is based on the full occupancy of the non-residential site. However under Appendix H Section 2, the amount payable can be reduced on the assumption that the normal industrial site coverage in Rotorua is 50% GFA. This applies to the Transport, Land Drainage and Stormwater, Water and Wastewater activities. Furthermore at time of issuance of the Subdivision or Land use consent, 25% of the estimated development contribution will be payable. Development Contribution charges will be further assessed on all future developments on the site and this initial 25% Development Contribution will be treated as a credit. For this example the initial amount payable would be \$42,917.93 excluding GST or \$48,282.67 including GST.

examples: development contributions calculations cont.

Example 5:

Non-residential

Convert a residential unit to an office building, central urban

Type of Development:

Office Conversion

Consent Application:

Land use Consent

Building Consent

Lot:

Existing use	Residential
Planned use	Commercial Office Building
Number of Storeys	One

Development Details

Development Summary	m2
Existing Gross Floor Area (GFA)	120
Existing Impervious Surface Area (ISA)	274
Potential Gross Floor Area (GFA)	120
Potential Impervious Surface Area (ISA)	274

Step 1 and 2

Activity Charges/HUE

Activity from Appendix C, Tables 1 & 2	Charge (\$)	HUE/100m2
Transport (GFA) – Commercial and Industrial	2,834.89	1.17
Water (GFA)	3,112.99	0.162
Wastewater (GFA)	3,928.42	0.108
Land Drainage (ISA)	630.81	0.198
Public Amenities (not applicable to commercial)	0	0

examples: development contributions calculations cont.

Step 3 New Development

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUE's

Determine GFA or ISA for appropriate activities from Development Details table above
 HUE/activity from step 2 above
 Activity Charge/1 HUE from Step 1 above

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
GFA or ISA (m2)	120	120	120	274	0
GFA or ISA (100m2)	1.2	1.2	1.2	2.74	0
HUE conversion/activity	1.17	0.162	0.108	0.198	0
Activity Charge/1 HUE	\$2,834.89	\$3,112.99	\$3,928.42	\$630.81	0
Development Contribution charge/Activity (excl GST)	\$3,980.19	\$605.17	\$509.12	\$342.23	\$0.00

Step 4 Historic Credits

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUEs'

Determine GFA or ISA for appropriate activities from Development Details table above
 HUE/activity from step 2 above
 Activity Charge/1 HUE from Step 1 above

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Activity Charge/1 HUE	\$2,834.89	\$3,112.99	\$3,928.42	\$630.81	\$3,047.59
Development Contribution - Historic Credit (excl GST)	\$2,834.89	\$3,112.99	\$3,928.42	\$630.81	\$3,047.59

examples: development contributions calculations cont.

Step 5 Development Contribution payable

Non-residential HUE Calculations	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Development Contribution charge/Activity - new development	\$3,980.19	\$605.17	\$509.12	\$342.23	\$0.00
Development Contribution - Historic Credit	\$2,834.89	\$3,112.99	\$3,928.42	\$630.81	\$3,047.59
Development Contribution charge/Activity (excl GST) (new-historic)	\$1,145.30	\$0.00	\$0.00	\$0.00	\$0.00
GST	\$143.16	\$0.00	\$0.00	\$0.00	\$0.00
Development Contribution charge/Activity (incl GST)¹	\$1,288.46	\$0.00	\$0.00	\$0.00	\$0.00

Development Contribution (excl GST) = \$1,145.30
 GST = \$143.16
 Development Contribution (incl GST) = \$1,288.46

¹ For this example only the transport Development Contribution is payable. As there is no cross crediting, any increase in charge from the historic credit for any activity is payable. The remaining residual historic credits for any of the activities will remain with the property and be available for charge/credit against any future development.

appendices

Appendices.

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appendix a: infrastructural service catchments

Appendix A: Infrastructural Service Catchments

Catchments

Catchments have been determined for both wastewater and water services and the maps are defined in below.

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.

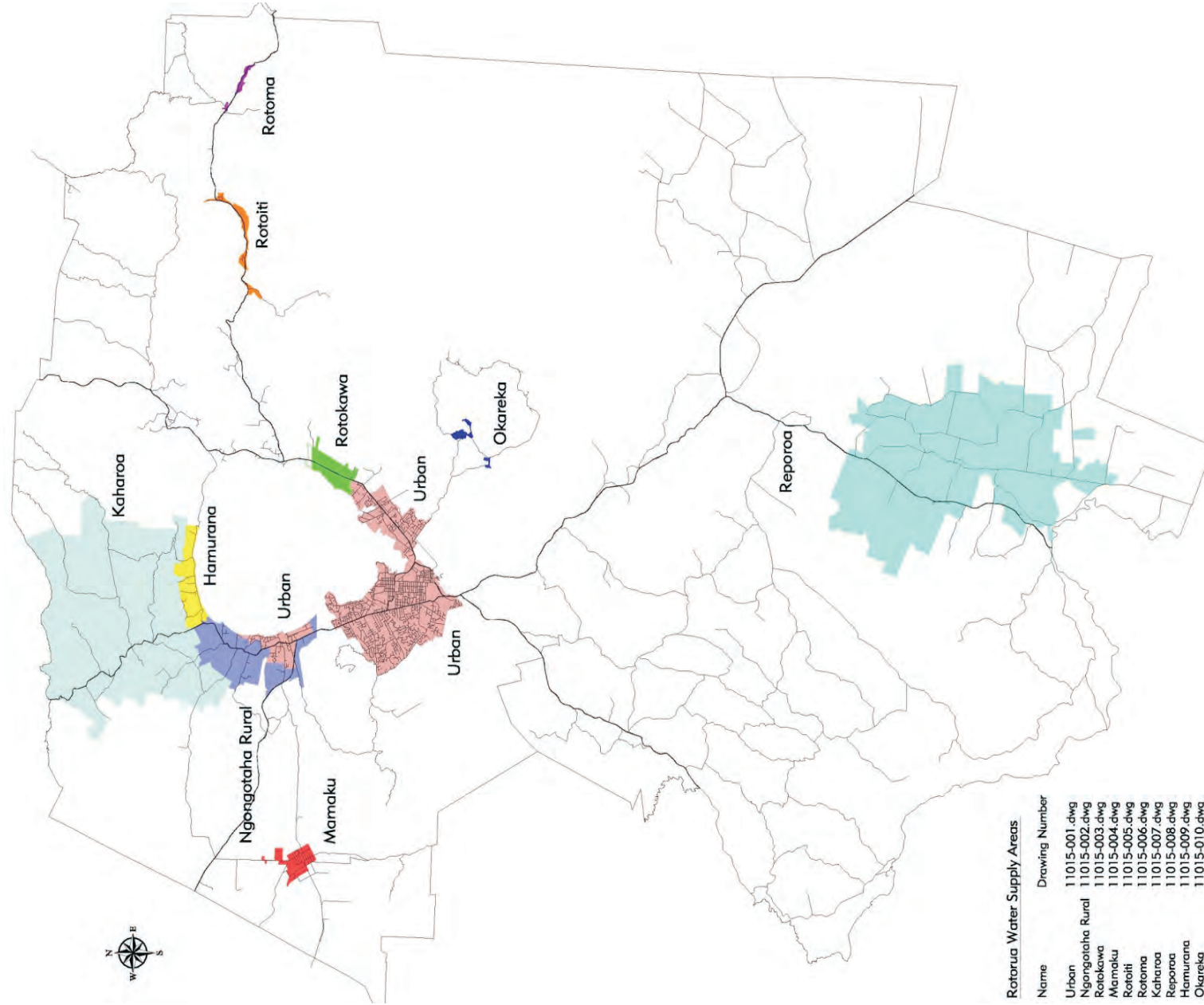
Map 1 Infrastructural Service Catchments: Water Supply

Map 2 Infrastructural Service Catchments: Wastewater

Map 2.1	Hamurana, Lake Rotorua
Map 2.2	Lake Tarawera
Map 2.3	Lake Rotoiti
Map 2.4	Lake Rotoma
Map 2.5	Hinemoa Point, Lake Rotorua
Map 2.6 a,b,c	Rotokawa/Brunswick Park, Lake Rotorua
Map 2.7	Lake Okareka/Blue Lake
Map 2.8	Mourea
Map 2.9	Duxton/Okawa Bay, Mourea.
Map 2.10	Okere Falls
Map 2.11	Otaramarae
Map 2.12	Whangamarino

appendix a: infrastructural service catchments cont.

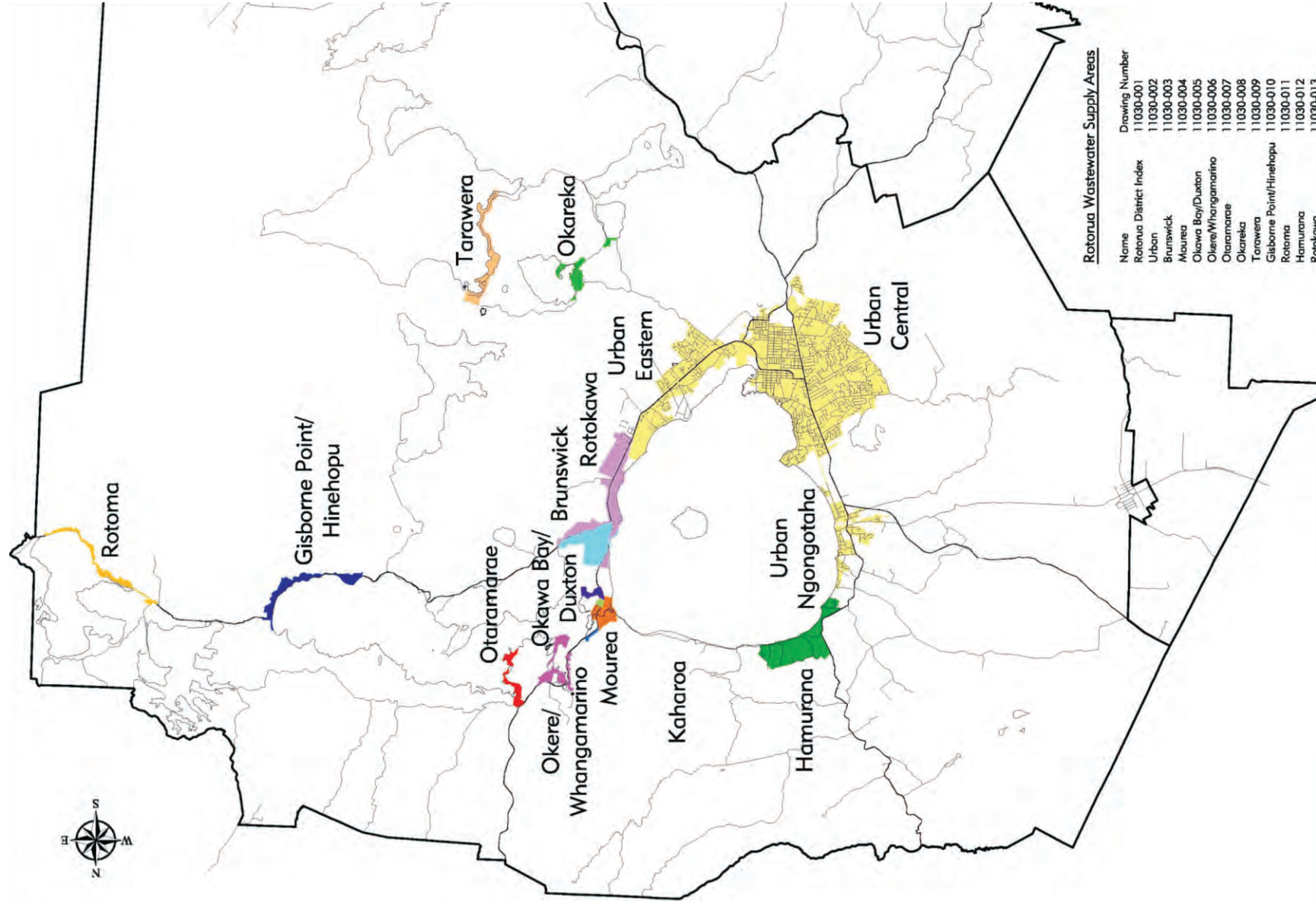
Map 1 Infrastructural Service Catchments: Water Supply

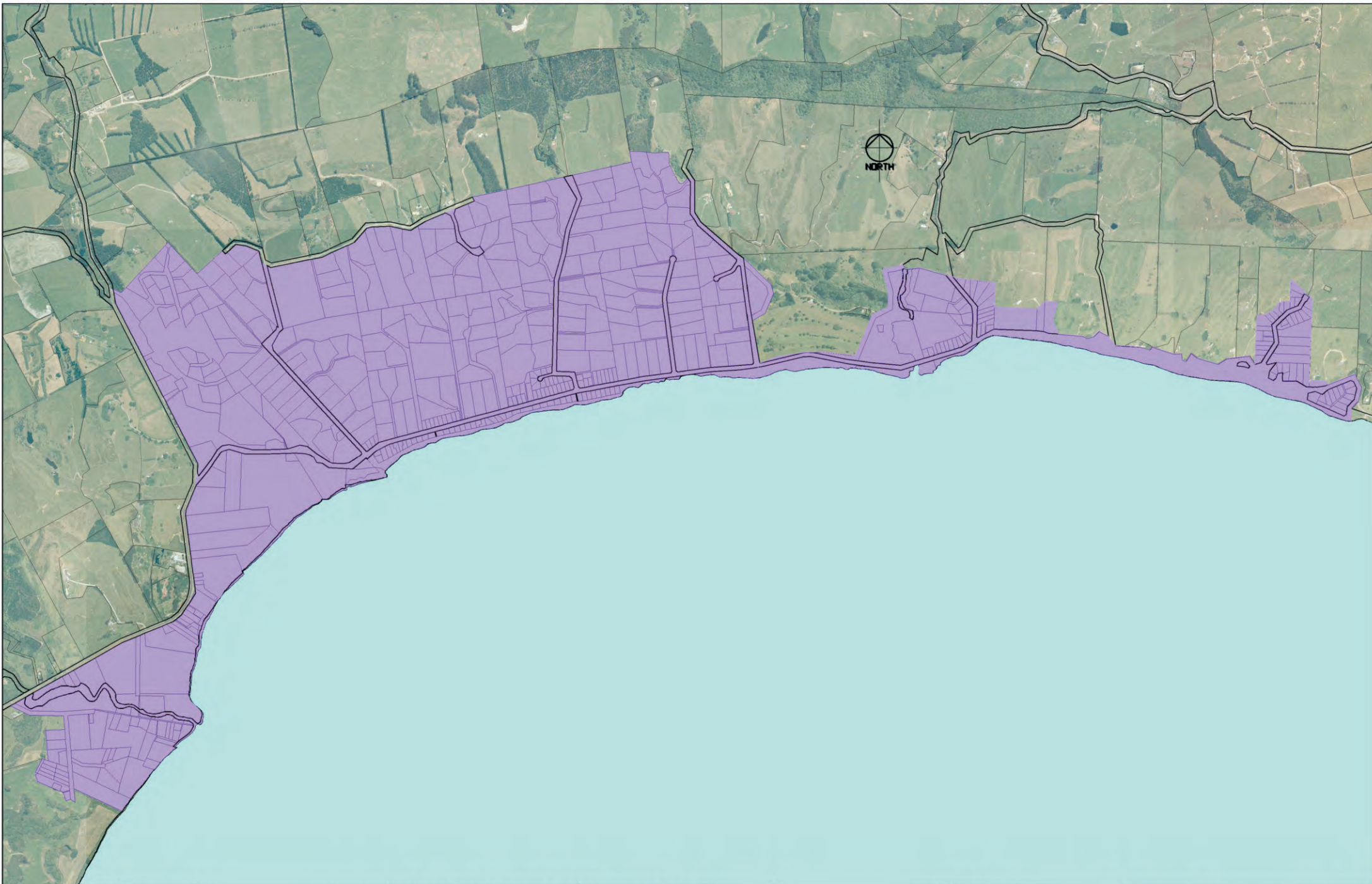


Rotorua Water Supply Areas	
Name	Drawing Number
Urban	11015-001.dwg
Ngongotaha Rural	11015-002.dwg
Rotokawa	11015-003.dwg
Maramaku	11015-004.dwg
Rotoiti	11015-005.dwg
Rotoma	11015-006.dwg
Kaharua	11015-007.dwg
Reporoa	11015-008.dwg
Hamurana	11015-009.dwg
Okareka	11015-010.dwg

appendix a: infrastructural service catchments cont.

Map 2 Infrastructural Service Catchments: Wastewater





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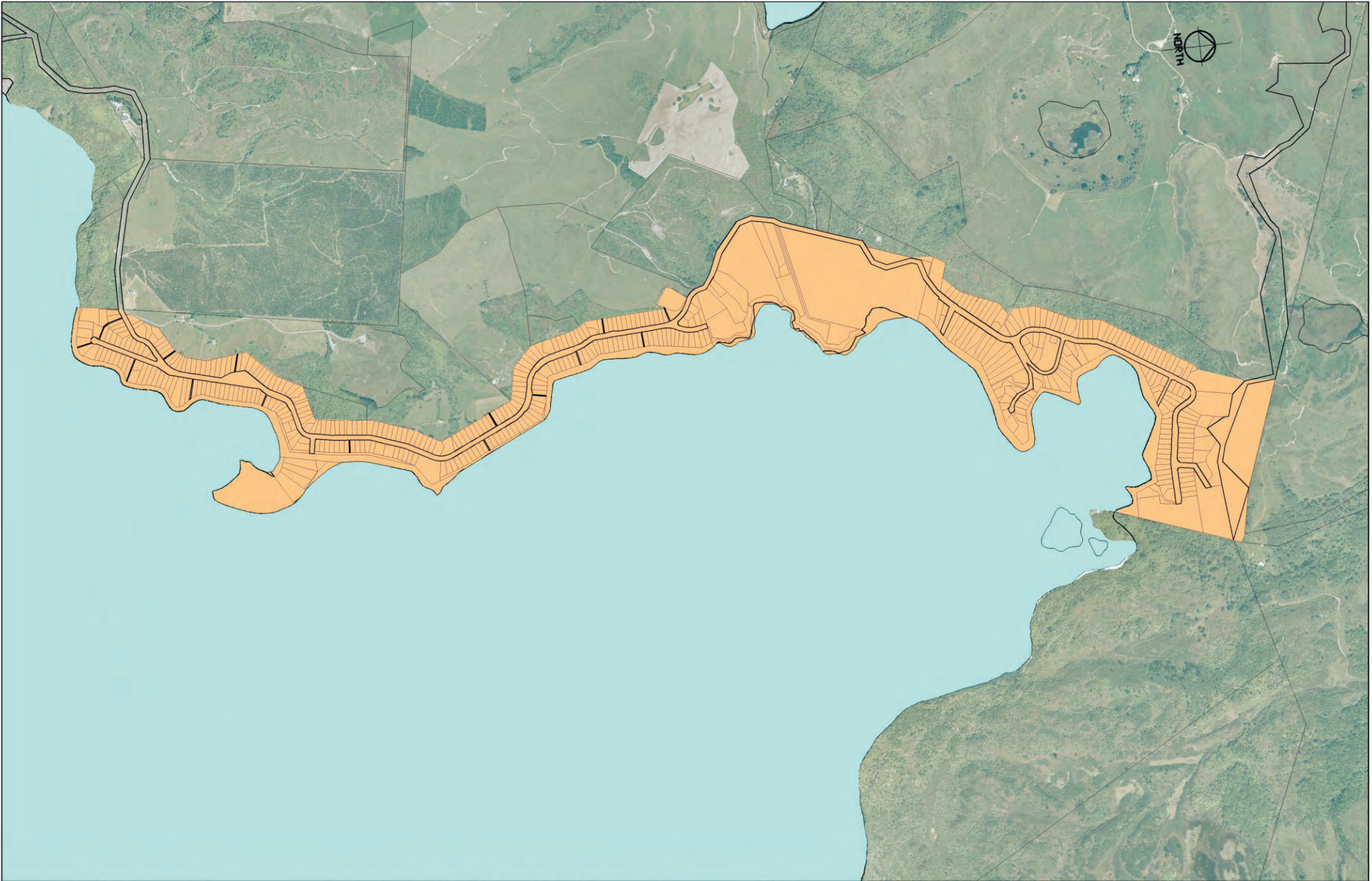
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ENGINEERS DEPARTMENT
PRIVATE BAG
ROTORUA
Telephone 07 348 4199 Facsimile 07 346 3143

Lake Rotorua
Hamurana
Proposed Sewerage Scheme
Area of Benefit
Plan

SCALE:	1:10000 @ A2
DESTINATION	DRAWING No.
	11608
	SHEET No 007 OF



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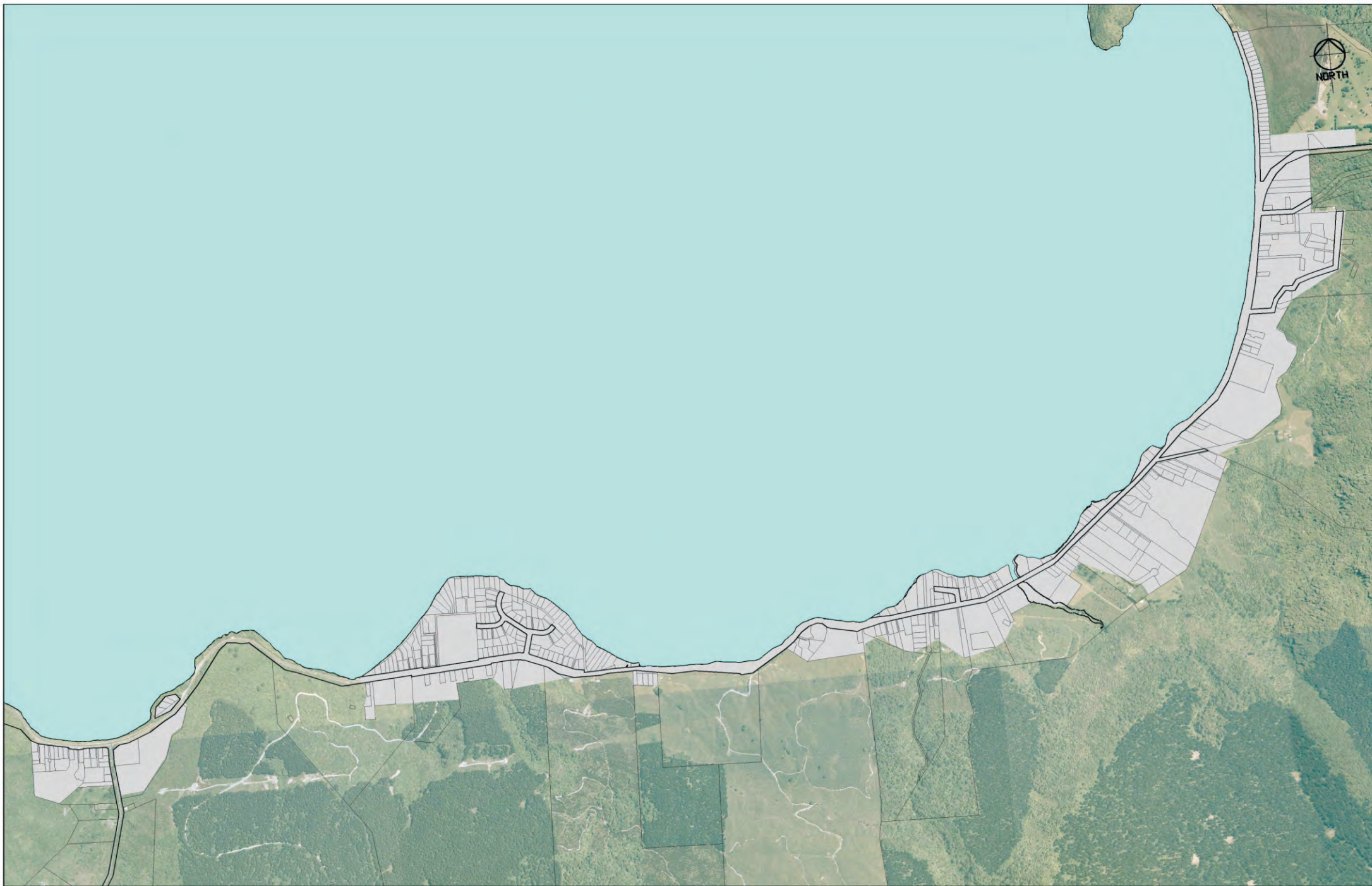
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Lake Tarawera
Tarawera
Proposed Sewerage Scheme
Area of Benefit
Plan

SCALE: 1:10000 @ A2

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Lake Rotoiti
Rotorua
Proposed Sewerage Scheme
Area of Benefit
Plan

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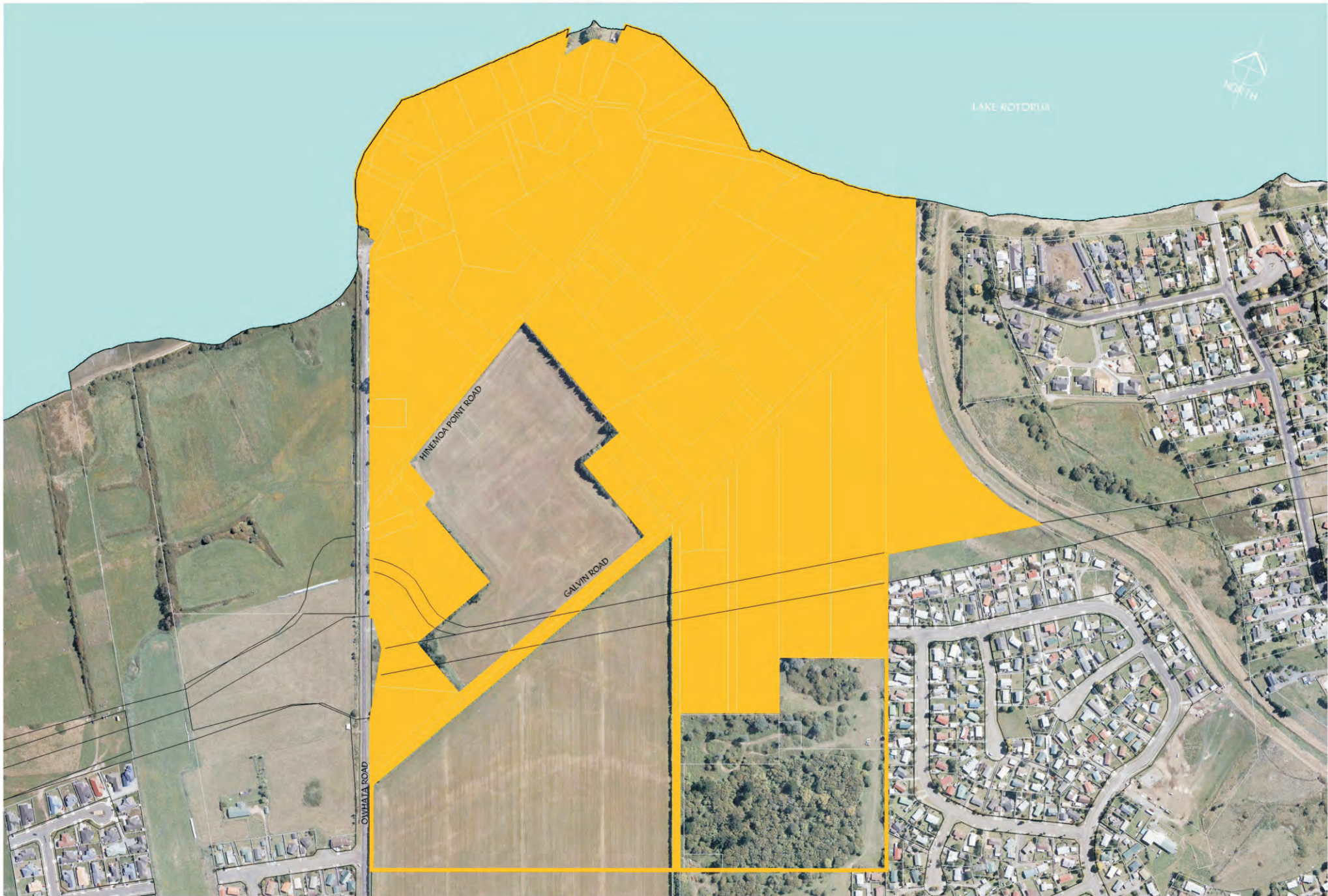
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Telephone 07 348 4199 Facsimile 07 346 3143

Lake Rotoma
Rotoma
Proposed Sewerage Scheme
Area of Benefit
Plan

SCALE: 1:10000 @ A2	DRAWING No. 11608
DESTINATION ROTORUA ROTORUA DISTRICT COUNCIL	SHEET No 006 OF



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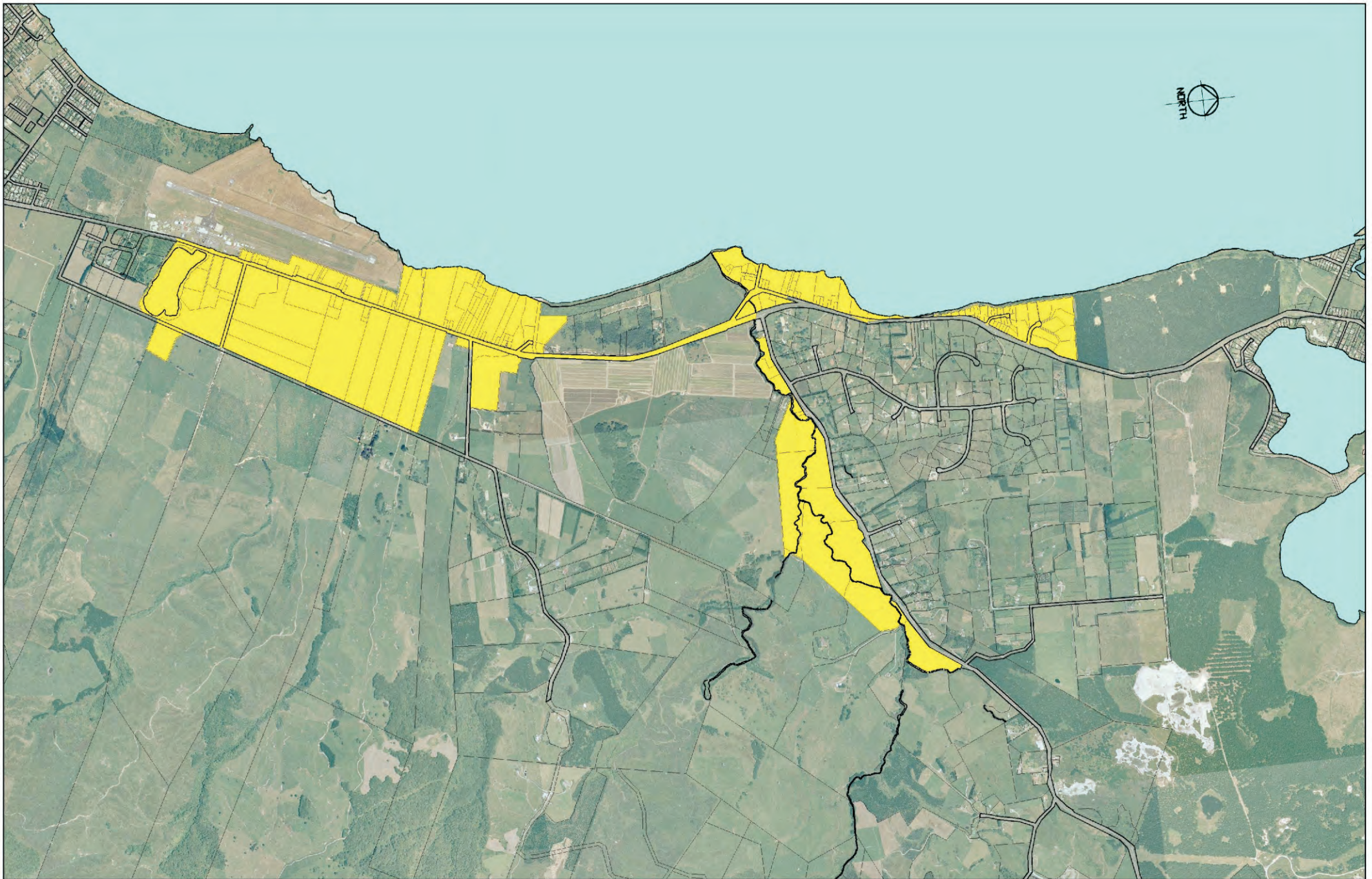
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ROTORUA

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Lake Rotorua
Hinemoa Point
Proposed Sewerage Scheme
Area of Benefit
Plan

SCALE:	1:3500 © A2
DESTINATION	DRAWING No.
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	SHEET No 008 OF



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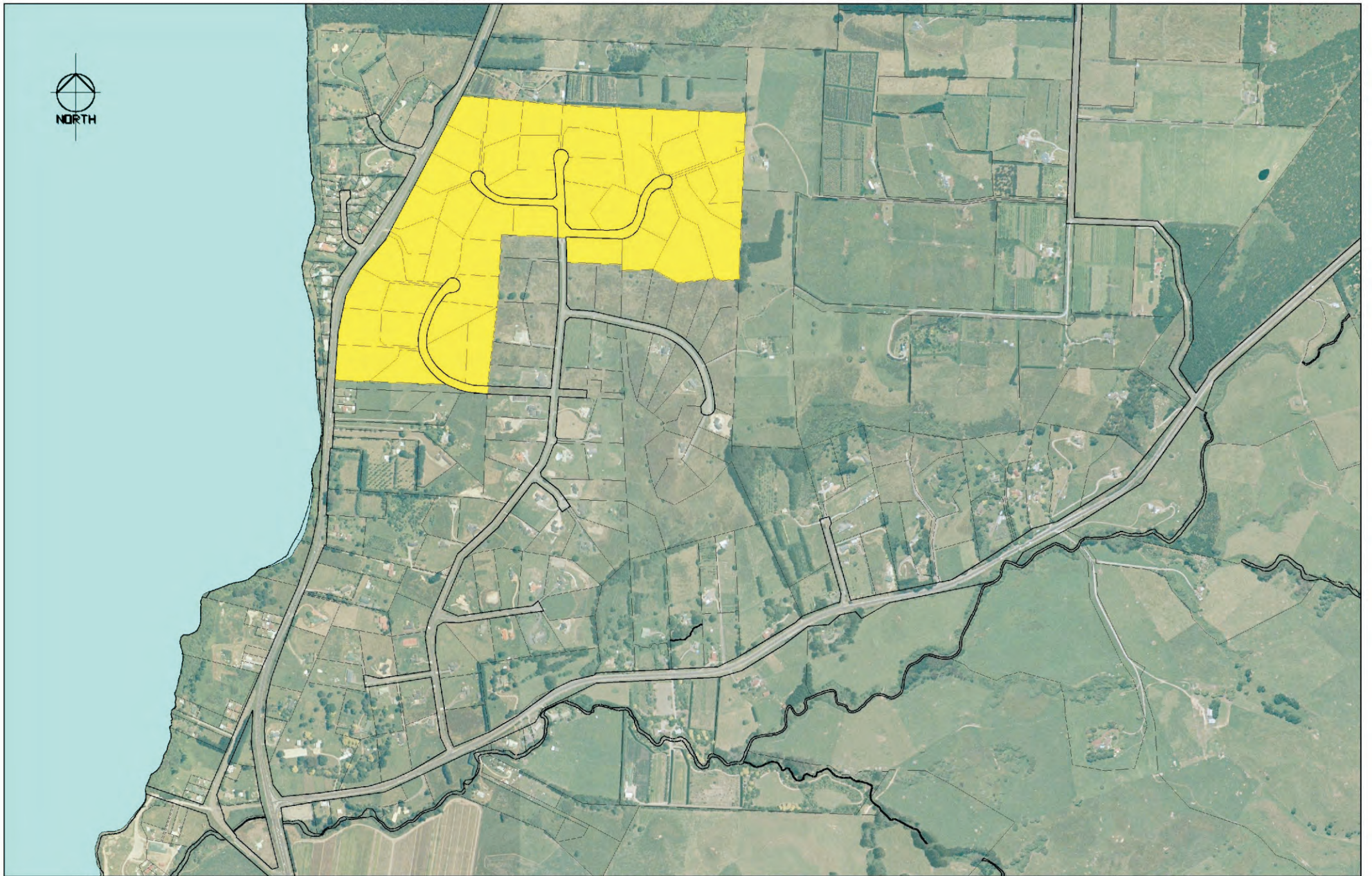
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Lake Rotorua
 Rotokawa
 Proposed Sewerage Scheme
 Area of Benefit
 Plan

SCALE: 1:15000 @ A2



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ENGINEERS DEPARTMENT
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ROTORUA

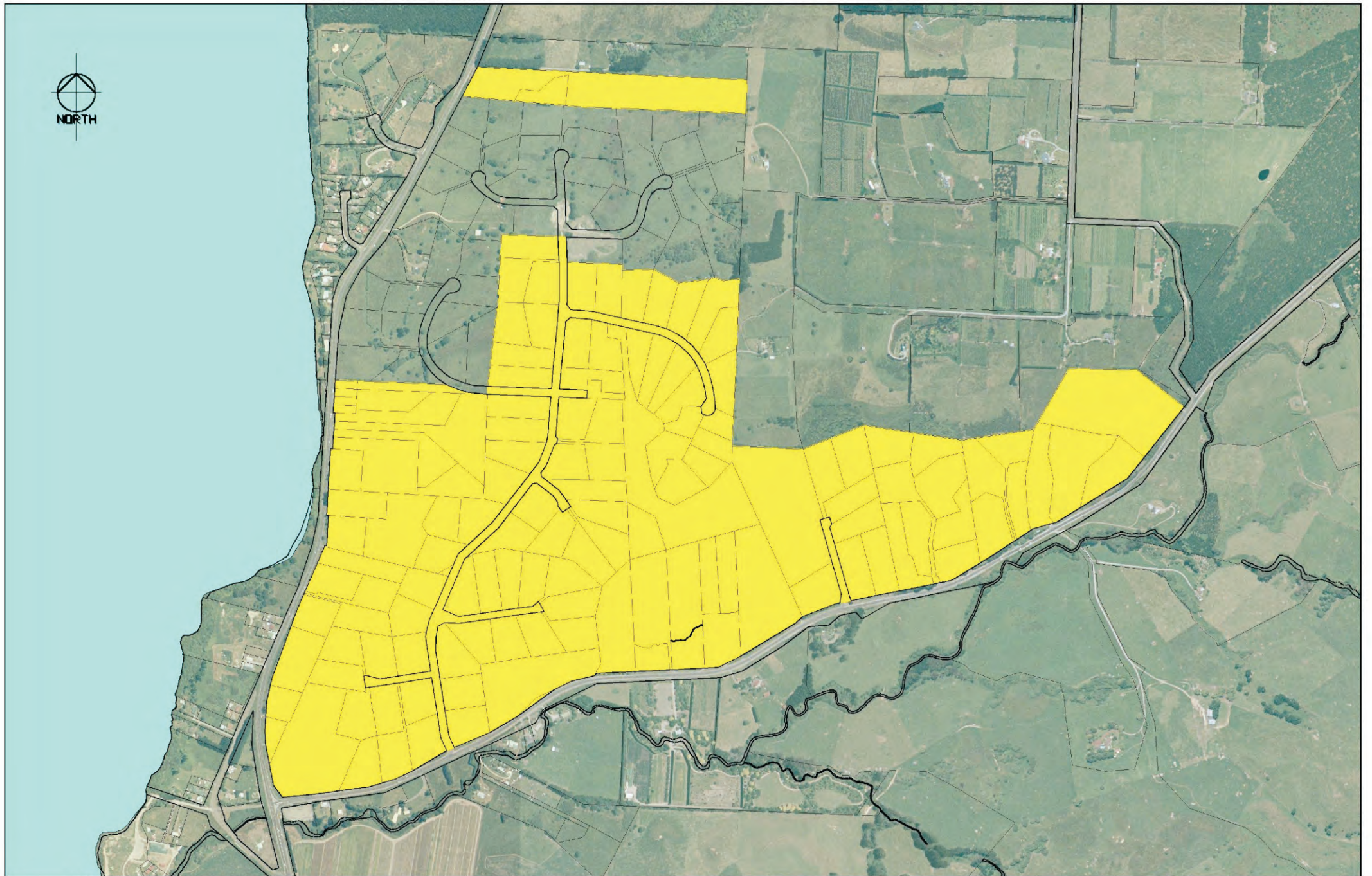
Telephone 07 346 4199 Facsimile 07 346 3143

Lake Rotorua
Brunswick Stage 4 and 6
Proposed Sewerage Scheme
Area of Benefit
Plan

SCALE: 1:6000 @ A2



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11608
SHEET No 011 of



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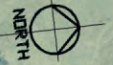
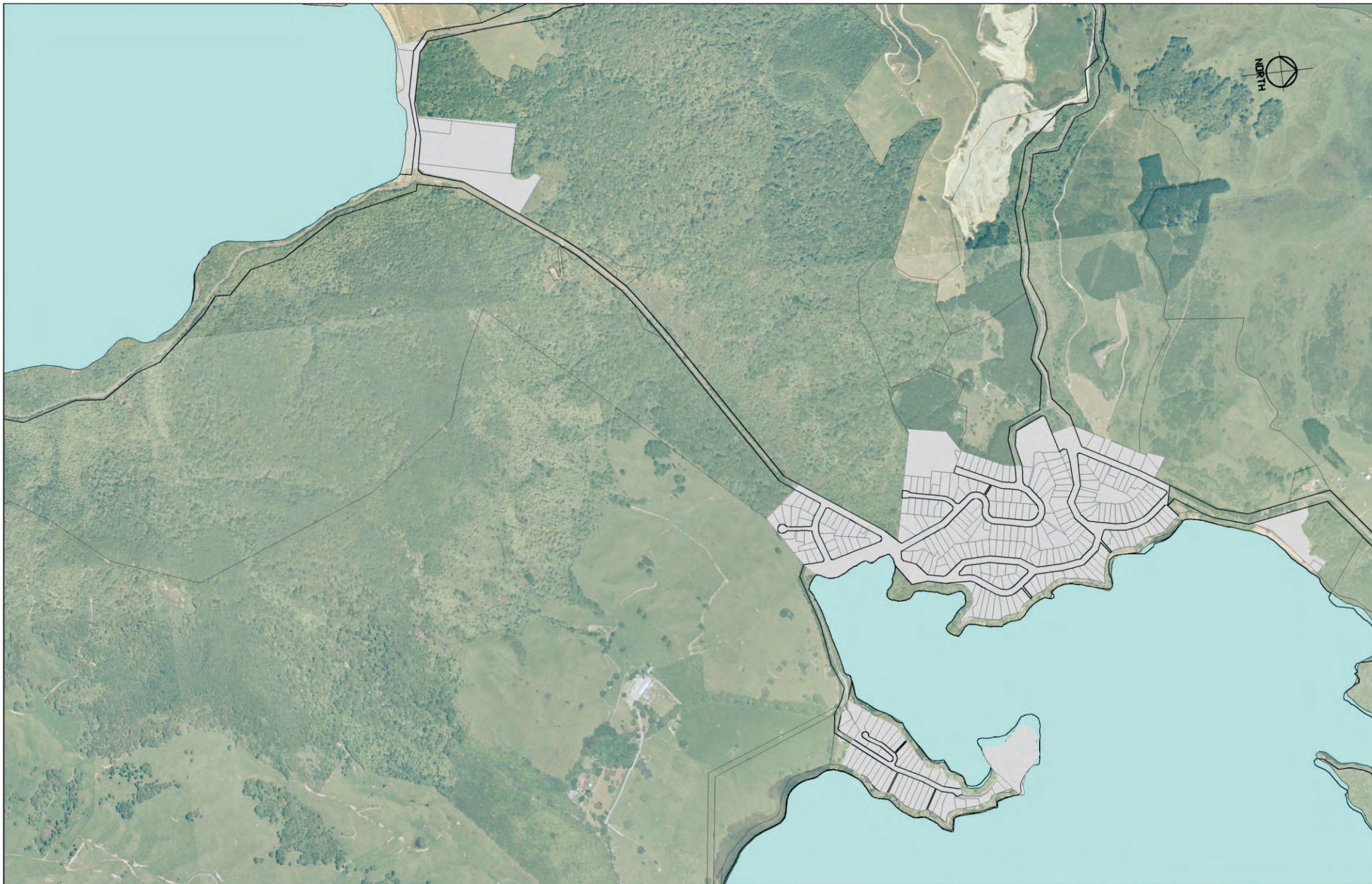
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ENGINEERS DEPARTMENT
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Telephone 07 348 4199 Facsimile 07 348 3143

Lake Rotorua
Brunswick
Proposed Sewerage Scheme
Area of Benefit
Plan

SCALE: 1:6000 @ A2	DRAWING No. 11608
DESTINATION ROTORUA ROTORUA DISTRICT COUNCIL	SHEET No 010 of



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ROTORUA
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Lake Okareka / Blue Lake
Okareka
Proposed Sewerage Scheme
Area of Benefit
Plan

SCALE:	1:7500 @ A2
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**TEN YEAR PLAN
2009-2019**

ROTORUA DISTRICT COUNCIL
ENGINEERS DEPARTMENT
PRIVATE BAG
ROTORUA

Telephone 07 345 4199 Facsimile 07 345 3143

**WASTEWATER
SUPPLY AREA**

PURSUANT TO THE LOCAL GOVERNMENT (RATING) ACT 2002
SECTION 16 (3) (b), SECTION 17 (b) SCHEDULE 2-5

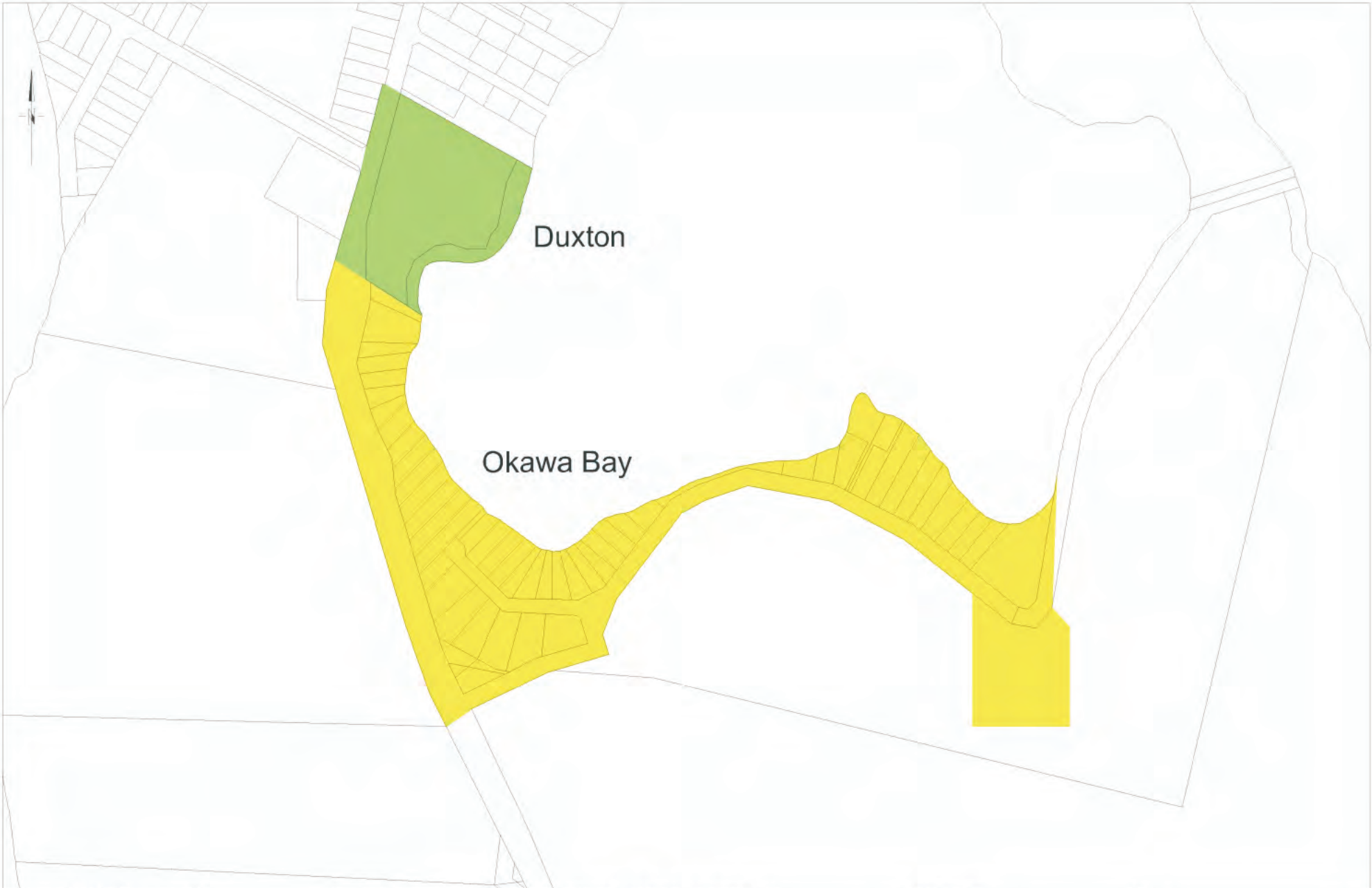
MOUREA

SCALE: 1:3000 @ A1

DESTINATION
ROTORUA
ROTORUA DISTRICT COUNCIL

DRAWING No. **11163**

SHEET No. 04 OF 15



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FIELDWORK	DESIGNED
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**TEN YEAR PLAN
2009-2019**

ROTORUA DISTRICT COUNCIL
ENGINEERS DEPARTMENT
PLANTS BAY
ROTORUA

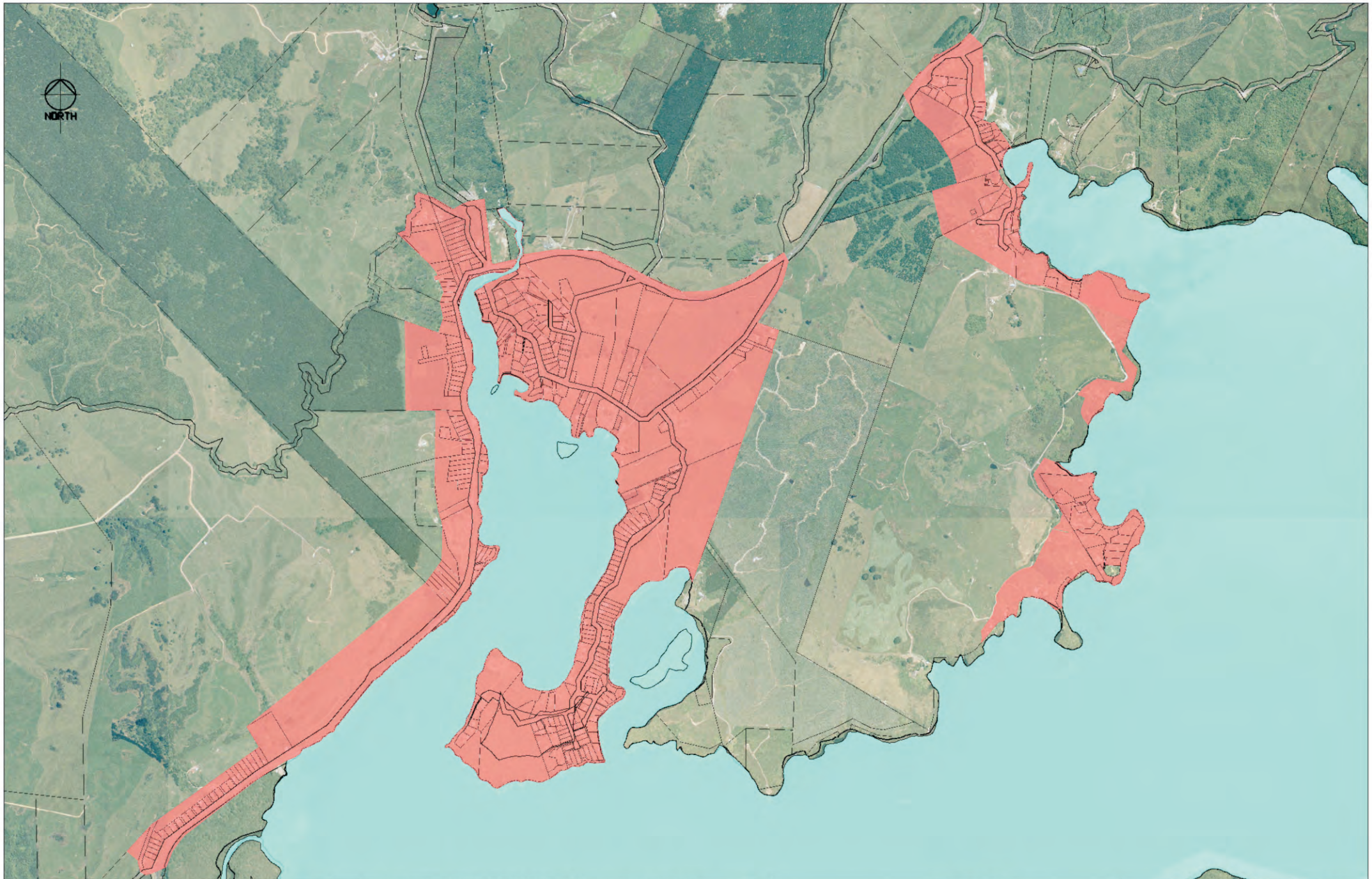
Telephone 07 348 4100 Facsimile 07 348 3143

**WASTEWATER
SUPPLY AREA**
PURSUANT TO THE LOCAL GOVERNMENT (RATING) ACT 2002
SECTION 16 (3) (b) , SECTION 17 (b) SCHEDULE 2-5
OKAWA BAY/DUXTON

SCALE: 1:2000 @ A1



DRAWING No.
11163
SHEET No 05 of 15



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ROTORUA DISTRICT COUNCIL
ENGINEERS DEPARTMENT
PRIVATE BAG
ROTORUA
Telephone 07 348 4199 Facsimile 07 348 3143

Lake Rototiki
Okere Falls / Otaramarae
Proposed Sewerage Scheme
Area of Benefit
Plan

SCALE: 1:10000 @ A2



DRAWING No.
11608
SHEET No 001 OF

appendix b: schedule of charges

Development Contribution Schedule of Charges

Activity	Catchment	2009 D C per HUE (excl GST)
Water Supply	Urban Area	\$3,112.99
	Hamurana	N/A
	Rotoma	N/A
	Reporoa	N/A
	Mamaku	N/A
	Gisborne Point/Hinehopu (Rotoiti)	N/A
	Kaharoa	N/A
Land Drainage & Stormwater	Urban Area	\$630.81
Transport	District Wide	\$2,834.89
Waste Water	Urban Area	\$3,928.42
	Duxton	\$7,016.59
	Mourea	\$14,984.03
	Okawa Bay	\$13,397.32
	Hinemoa Point	\$12,985.62
	Brunswick	\$18,050.80
	Rotokawa	\$14,407.46
	Okareka	N/A
	Tarawera	N/A
	Hamurana	N/A
	Rotoma	N/A
	Mamaku	N/A
	Gisborne Point/Hinehopu	N/A
Okere Falls/Otaramarae/Whangamarino	N/A	
Public Amenities	District Wide	\$3,047.59

1. For rural wastewater schemes the property owner will pay rates and scheme capital contributions. This applies for properties up until the scheme completion.

2. For additional lots or dwellings created after the completion of the scheme, Development Contributions will be payable instead of the scheme capital contributions.

NA – not applicable as charges yet to be finalised

appendix c: basis of calculation

Residential

Table 1 Base Unit demands of an average household unit (HUE) for each activity

Table 1: Demands of HUE			
Activity	Base Unit	Demand per HUE	Comments
Transport	Vehicle trips per day	10	Assume all light vehicles
Water Supply	m3 per day	0.9 m3	District Engineering Standards
Wastewater	m3 per day	0.66 m3	District Engineering Standards
Land Drainage	m2 of Impervious surface area	350 m2	Assessed average impervious area per household unit
Community Infrastructure	HUE		
Accommodation	Bed Nights	1/(2.67 x 365)	Occupancy

Table 2.1: Wastewater Non-Residential HUE Conversions

Engineering Design Standards: HUE = 0.66m3/household/day (Refer also NZS 4404)

Land use Description	Units	HUES/100m2
Residential	0.66m3/day	1
Other Employment Categories	Ha	0.108
Accommodation	Bed nights	0.001

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

Table 2.2: Water Non-Residential HUE Conversions

Engineering Design Standards: HUE = 0.9m3/household/day (Refer also NZS 4404)

Land use Description	Units	HUES/100m2
Residential	0.9m3/day	1
Other Employment Categories	Ha	0.162
Accommodation	Bed nights	0.001

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

Table 2.3: Land Drainage Non-Residential HUE Conversions

District Plan Maximum Site Coverage Requirement (Impervious Surfaces) 350m2

Land use Description	Units	HUES/100m2
Residential	350m2	1
Other Employment Categories	Ha	0.198
Accommodation	Bed nights	0.001

Table 2.4: Community Infrastructure HUE Conversions

Land use Description	Units	HUES
Residential	Dwellings	1
Other Employment Categories	Ha	0
Accommodation	Bed nights	0.001

appendix c cont.

Table 2.5 Transport non-residential HUE conversions (includes split trips)

Land Use ¹ Description	Category	VPD Per	% in Journey Type			VPD	HUES Per
		100m2 GFA	100% ²	25% ³	5% ⁴	Equivalent	100m2
Residential Base Equivalents	Dwelling					10.00	1.00
Commercial premises, offices and industrial	Commercial	20	50%	30%	20%	11.70	1.17
Shopping centres	Retail	100	30%	50%	20%	43.50	4.35
Supermarkets	Retail	130	20%	50%	30%	44.20	4.42
Service stations with retail facilities	Retail	600	5%	20%	75%	82.50	8.25
Markets	Retail	5	40%	50%	10%	2.65	0.27
Bulk goods/home improvement stores	Retail	40	60%	30%	10%	27.20	2.72
Drive in fast food restaurants	Retail	320	10%	20%	70%	59.20	5.92
Restaurants	Retail	66	60%	20%	20%	43.56	4.36
Hospitals	Health	10	60%	30%	10%	6.80	0.68
Medical services and health care centres	Health	58	50%	30%	20%	33.93	3.39
Gymnasiums	Recreation	35	70%	20%	10%	26.43	2.64

Notes:

- 1 Land Use applications not listed above e.g. new Dairy sheds, Marae expansion and Day Care facilities may default to the Commercial category.
- 2 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
- 3 Trip is made as one of a number of linked trips
- 4 Trip is made entirely for other purposes, but the trip maker takes the opportunity to visit this location en-route to the primary destination

Summary

Table 3: Summary

Table 3: Summary of HUE Assessments		
Category	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 100m2 GFA	
Mixed Uses	To be assessed as above for the particular land use applied for.	
Special	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.	

appendix d: net growth of projects

1: Schedule of Past Projects with Residual Capacity

Table 1 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.

Activity	Project	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
		\$000				
Wastewater	Okawa Bay - Total Cost				443	273
	- Growth Component				8	5
Wastewater	Mourea - Total Cost			435	2,445	1,505
	- Growth Component			45	251	154
Wastewater	Duxton -Total Cost				195	293
	- Growth Component				24	36

2: Capital Expenditure Related to Growth

Table 2 is a summary of the 'Net Growth' component of projects included in the LTCCP and planned for implementation in the funding period 2009/10 to 2018/19 that have been included in the calculation of the Development Contribution.

Activity	Project	Total Cost \$ 000	External Funding \$ 000	Backlog \$ 000	Renewal \$ 000	Unallocated \$ 000	Growth \$ 000
Public Amenities	Energy Events Centre	\$30,573	\$23,761	\$2,325			\$4,487
Public Amenities	Library Expansion	\$1,998		\$562	\$33		\$1,403
Public Amenities	Centennial Development Expansion - Rotorua Museum	\$17,194	\$16,389				\$805
Public Amenities	Aquatic Centre - Expansion	\$3,000		\$1,006			\$1,994
Public Amenities	Boatramp and Jetty Upgrades	\$891		\$356			\$535
Public Amenities	Parklands Development - Kuirau Park	\$1,469		\$210	\$47		\$1,212
Public Amenities	Ngongotaha Reserves Development	\$963		\$385	\$9		\$568
Public Amenities	New Playgrounds	\$240		\$137			\$103

appendix d cont.

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	Sportsfield Development - Westbrook	\$891			\$25		\$866
Public Amenities	Neighbourhood Reserve Development	\$240					\$240
Public Amenities	East Regional Sports Park	\$2,675		\$369	\$586		\$1,720
Land Drainage and Stormwater	Urban Stormwater Upgrading	\$8,317		\$3,840	\$2,557		\$1,920
Transportation	Development assistance	\$1,150					\$1,150
Transportation	Victoria Street Arterial	\$40,213	\$22,519	\$3,243	\$148	\$4,575	\$9,728
Transportation	Lake Road 4-laning	\$7,342	\$4,112	\$280	\$744	\$859	\$1,347
Transportation	Malfroy/Ranolf Roundabout	\$1,366	\$765	\$283	\$20		\$298
Transportation	New passenger transport terminal	\$3,443	\$1,928				\$1,515
Wastewater	City Treatment Plant Process and capacity upgrades	\$5,607		\$117			\$5,490
Wastewater	Land Treatment Capacity upgrade	\$2,352			\$492		\$1,860
Wastewater	Pump stations and rising mains Central Urban Area	\$705					\$705
Wastewater	Fenton Park Gravity Mains Upgrade	\$3,347				\$971	\$2,376
Wastewater	Grit Removal System Upgrade	\$340		\$7			\$333
Wastewater	Brunswick Sewerage Scheme	\$7,166	\$3,583	\$1,343			\$2,240
Wastewater	Duxton Sewerage Scheme	\$562	\$254	\$239			\$69
Wastewater	Mourea Sewerage Scheme	\$4,234	\$2,655	\$1,145			\$434
Wastewater	Mamaku Sewerage Scheme	\$6,000	\$3,000	\$2,700			\$300
Wastewater	Okawa Bay Sewerage Scheme	\$767	\$365	\$388			\$14
Wastewater	Hinemoa Point Sewerage Scheme	\$1,433	\$717	\$340			\$376
Wastewater	Okere Falls/Otaramarae/Whangamarino Sewerage Scheme	\$14,849	\$7,424	\$4,698			\$2,727
Wastewater	Rotokawa Sewerage Scheme	\$6,355	\$3,177	\$1,500			\$1,678
Wastewater	Gisborne Point/ Hinehopu	\$11,929	\$5,964	\$4,801			\$1,164

appendix d cont.

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
Wastewater	Hamurana sewerage scheme	\$15,002	\$7,501	\$4,427			\$3,074
Wastewater	Okareka Sewage Scheme	\$10,400	\$5,200	\$3,456			\$1,744
Wastewater	Rotoma sewerage scheme	\$12,400	\$6,200	\$5,258			\$942
Wastewater	Tarawera sewerage scheme	\$13,800	\$6,900	\$6,461			\$439
Water Supply	Eastern Reservoir 3	\$1,928		\$277			\$1,651
Water Supply	Ngongotaha Rising/Delivery Main Upgrade	\$2,083					\$2,083
Water Supply	Eastern Mains Upgrade Coulter Rd to Airport	\$961		\$288			\$673
Water Supply	Eastern Trunk Upgrade from Reservoir1 to Reservoir 3	\$3,006					\$3,006
Water Supply	Eastern Duplicate Rising Main Stage 2	\$400				\$144	\$256
Water Supply	Reporoa Mains Upsizing	\$500		\$107		\$322	\$71
Water Supply	Ngongotaha Source Investigation	\$300			\$138		\$162
Water Supply	Hamurana Treatment Upgrade	\$137		\$104			\$33
Water Supply	Kaharoa Treatment Upgrade	\$450		\$390			\$60
Water Supply	Mamaku Treatment Upgrade	\$325		\$165			\$160
Water Supply	Reporoa Treatment Upgrade	\$785		\$470			\$315
Water Supply	Rotoiti Treatment Upgrade	\$129		\$96			\$33
Water Supply	Rotoma Treatment Upgrade	\$96		\$43			\$53
Water Supply	Urban Treatment Upgrade	\$2085		\$1514			\$571

appendix e: procedural items

Appendix E: Procedural Items Relating to Policy

1. Determination of Development Contribution Charges

1.1 Level of Service

Council activity plans for each activity, linked to the LTCCP, define the relevant level of service (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 LoS.

In general the Development Contributions will be calculated based on the existing LoS across the District.

Any requirement to increase the LoS for existing users will not be funded by Development Contributions.

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 LTCCP.

The Modified Shared Drivers approach takes the planned costs of a proposed project and assigns them to various drivers, which 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 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.

appendix e cont.

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 B, Table 1.

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.

4. Assessment of Development Contributions

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 or household units created by the proposed consent.

Any additional Household Unit, excluding garaging, on the same lot, will be assessed and charged a Development Contribution based on the following table:

Floor Area of Household Unit	% charge/HUE
Less than 40m ²	No Charge*
40m ² to less than 60m ²	50% HUE
60m ² to less than 70m ²	60% HUE
70m ² to less than 80m ²	70% HUE
80m ² to less than 90m ²	80% HUE
90m ² to less than 100m ²	90% HUE
100m ² or greater	100% HUE or 1 HUE

*The first additional household unit of less than 40m² will not attract a development contribution. Any further household units of less than 40m² will be levied a development contribution of 50% HUE

4.1.2 Extensions to Existing Household Units

Any development contribution assessment made between 1 July 2006 and 30 June 2009 for an additional household unit of less than 72m², and any development contribution assessment made after 30 June 2009 for an additional household unit of less than 100m², will be re-assessed at the time of any future extensions to the building.

This re-assessment will apply to an increase in the total floor area in accordance with the sliding scale for area of household units.

A credit will apply for the amount of the original assessment.

Where a nil development contribution has been assessed for a first additional household unit of less than 40m², and is increased to greater than 40m² but less than 60m², a development contribution of a half HUE will apply.

Note that for a (consented) household unit lawfully established prior to 1 July 2006 an historic credit of one HUE will apply irrespective of size.

appendix e cont.

4.2 Visitor Demand

The demand on community assets and networks by visitors is significant and attributable to network and community infrastructure. 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 more conservative HUE conversions are necessary, 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 to Tables in Appendix C)

4.2.1 Occupancy rates for Accommodation types

The percentage occupancy rates in the table below are based on accommodation data for Rotorua for June 2005 to May 2008, collected by the Statistics New Zealand Accommodation Survey, published in May 2008.

Table 2: Accommodation Occupancy Rates

Accommodation Type	% Occupancy Rate
Hotels	60
Motels and Backpackers	50

4.3 Non-Residential Applications

Non-Residential applications (e.g. business, accommodation, industrial and commercial) will include all activities except residential applications. 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 Appendix C, Table 1 to calculate the HUE. "Known demand will be provided by a suitably qualified and experienced professional in the activity field and the report will be peer reviewed by Council. If there is disagreement, Council's view will be used in the Development Contribution calculation.
- If demand is unknown, use the Gross Floor Area (GFA) conversions in Appendix C, 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.

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 or new residential dwelling on a rural allotment will be assessed as for residential land, see section 4.1.

Farm sheds and 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 development contribution in accordance with either section 4.3 above or Appendix G, Section 1.

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 if at a future time the property is to be connected it will attract a development contribution at building consent or at service connection.

4.5 Crosslease

All completed residential cross-lease titles, prior to 1 July 2006, will be assessed as 1 HUE credit.

4.6 Partition of Maori Land

The Maori Land Court can effect an order to partition Maori land. There are generally two types of partition:

- Full Partition, where parcels will not be held by members of the same hapu and must be partitioned in accordance with the RMA subdivision requirements.
- Hapu Partition, where freehold Maori land maybe partitioned for members of the same hapu without requiring a subdivision consent. In this case the Development Contribution will be assessed at the building consent stage or at time of service connection.

4.7 Application to Council for a Certificate under s226 (RMA 1991)

No development contribution will apply at the time of an application to Council for a certificate under s226(1)(e)(ii)(RMA 1991). However a development contribution assessment will apply to future development at the time of an application for building consent on the additional titles issued.

appendix f: remissions, reductions and refunds

Appendix F: Remissions, Reductions and Refunds.

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

1. Remission

A remission is an adjustment to the scheduled charge for a particular activity within a 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 circumstance:

- Development Contributions applicable to a particular development are deemed by Council to be excessive for any 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. An example where remission applications may be appropriate is as follows:
 - Strategic economic development projects that address selected high priority strategic actions developed by the Council from time to time.

2. Reduction

A reduction is an adjustment to the HUEs assessed for a consent application.

A reduction will only be considered as part of a request by an applicant.

3. Procedures for Remission and Reduction)

At the request of an applicant, the Development Contributions required on a development may be considered for remission or reduction.

Once Council has advised in writing the development contribution assessment required, a request for remission or reduction must be made by notice in writing to Council within 20 working days and before the Development Contributions required on the development are made or paid. Council will not allow remissions retrospectively after payment. However requests for reductions may be made at any time if there are significant changes to the project.

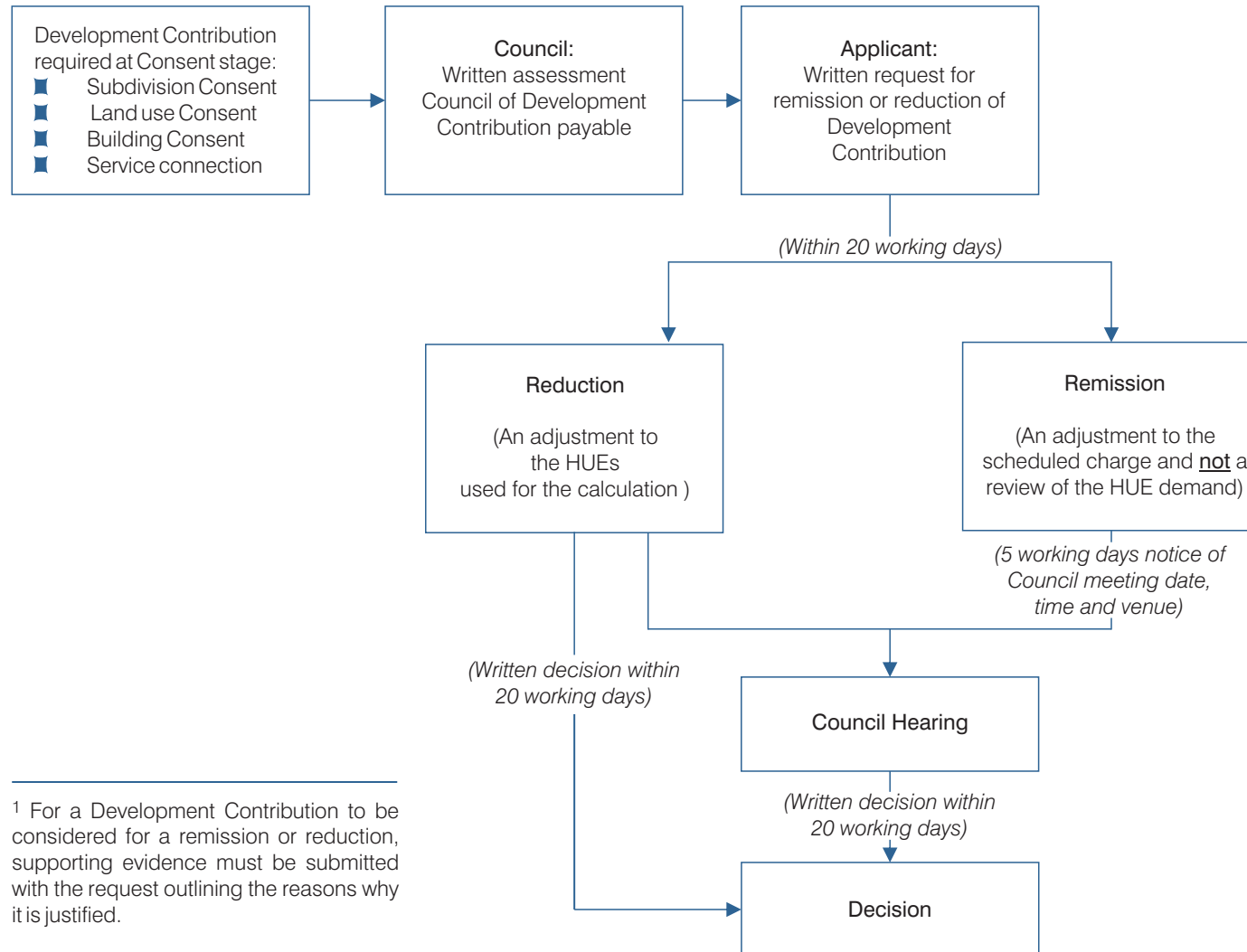
Sufficient opportunities exist for any developer to discuss all matters relating to this with Council staff, to outline any extraordinary circumstances and for matters to be brought before them for a decision. Upon receipt by Council of a written request for a review, the applicant will be advised within 20 working days the result of the review. As a result of the staff review the request may be referred to a Council committee for further consideration, and in any such case, the applicant will be given 5 working days notice of the date, time and venue of that committee meeting. The committee will make a determination within 20 working days of the referral.

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 the review of a condition of a resource consent.

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

appendix f cont. development contribution review process

Diagram 2
Development Contribution Review Process¹



¹ For a Development Contribution to be considered for a remission or reduction, supporting evidence must be submitted with the request outlining the reasons why it is justified.

appendix f cont.

- Council may, at its discretion, uphold, reduce, postpone or remit 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 a 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 1991
- 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.

4. Postponements

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

5. Refunds

The Development Contribution policy provides for projects which have an extensive funding period and construction phase for many years and extend beyond the current LTCCP. However all development contribution projects have to be identified in the LTCCP.

The refund of money 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 network infrastructure, or community infrastructure for which a Development Contribution was required.

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.

appendix g: other matters

Appendix G: Other Matters

1. 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 units of demand (HUE conversion).

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 Appendix C, Table 2.5. 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:

- Learning institutes (with or without accommodation)
- Tourist industries and facilities
- Conference Centres

2. 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.

3. Council Developments and Development Contributions

Council will pay Development Contributions on any Council commercial activity, except for activities that are listed in Appendix D, Table 2 "Schedule of Planned Projects with Capacity to Support Growth"

4. 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 regulations of the day.

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 is created, Development Contributions will not be assessed.

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, to be the granting of new consents and a revised Development Contribution assessment will be issued.

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
- Stormwater and land drainage connection
- Wastewater connection
- Vehicle crossing

These fees are separate charges to any applicable Development Contribution.

8. Development Contribution Policy Review

The Development Contributions policy will be reviewed at least every three years in parallel with the LTCCP cycle, or at shorter intervals if Council deems necessary, taking account of any changes:

- to the significant assumptions to the Development Contributions policy
- in policy as Council continues to develop and implement structure plans for the District.
- to the District Plan
- in the capital works programme for growth
- in the pattern and distribution of development in the District
- as a result of the regular reviews of the LTCCP
- in the cost indices used
- or addition of other activities supporting growth
- or other matters Council considers relevant
- in the growth projection data or development.

appendix h: timing, collection, payment and enforcement

Timing, Collection, Payment and Enforcement of the Development Contribution

1. General

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.

1.1 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.

2. Payment of Development Contributions

Further recalculation of the development contribution payable will occur if payment is not received within twelve months of the issuing of the Development Contribution assessment.

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 in Section 4, Appendix E.

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 likely building coverage, e.g. normal industrial site coverage in Rotorua is 50%. 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 with a minimum payable of 1 HUE per activity. This 25%, or minimum 1 HUE assessment, will be payable prior to issuance of a s.224(c) certificate (RMA 1991).

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. Bonds

Bonding is available for Development Contributions over \$50,000 at the discretion of Council.

Bonds will:

- Only be accepted where the bond is guaranteed by a registered bank
- Be for a maximum period of 24 months, subject to later extension as agreed by Council.
- Have an interest component added, at an interest rate of 2 per cent per annum above the Reserve Bank official cash rate on the day the bond document is prepared. The bonded sum will include interest, calculated on the basis of the maximum term set out in the bond document.
- Be based on the GST inclusive amount of the contribution.

If the discretion to allow a bond is exercised, all costs for preparation of the bond documents will be met by the applicant.

appendix h cont.

4. 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.

appendix i: significant assumptions

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.

1. Planning

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.

2. 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 projections at the current level of available growth data.

3. 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.

4. Third Party Funding

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

5. Interest Rates

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

6. Key Risks/Effects

There is a risk that the growth and uptake predictions in the growth projections 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.

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 projections as required.

appendix j: glossary of terms

Term	Meaning
Allotment	has the same meaning as 'Allotment' under both the Local Government Act 2002, and the Resource Management Act 1991, Section 2.
Backlog	That portion of a project that relates to historical catch-up to meet the required level of service for the existing community.
Base Units	The measure used for the demand of an average household unit for each service - refer to Appendix C
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.
Commercial	Any activity, whether temporary or permanent, involving payment, exchange or other consideration. Means any activity involving commercial transactions, or providing commercial or administrative services, and includes, non-school activities, offices and banks; but excludes premises or activities involving industrial manufacture or production and retail trade.
Community Facilities	Network infrastructure, or community infrastructure for which Development Contributions may be required.
Community Infrastructure	Development of assets on land, owned or controlled by Rotorua District Council to provide public amenities.
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.
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
Current Year	The current year is 2009/10.
Development	A 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). Includes activities that change the scale, character or intensity of any use of land.
Development Agreement	Any private agreement signed between a developer and Rotorua District Council.
Development Contribution	A Development Contribution is a payment from developers of money to fund the additional demand for community facilities created as a result of growth.
Financial Contributions	Financial contributions are provided for by the RMA and Council's Financial policy is set out in the 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.

appendix j: glossary of terms cont.

Term	Meaning
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.
Funding Period	Not less than 10 years. Otherwise lesser of asset capacity life, asset useful life, or 25 years.
Gross Floor Area (GFA)	Gross Floor Area means the area of a building enclosed by outer walls, including storage and processing areas, and roofed decks.
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).
GST	Goods and Services Tax at the rate then applicable.
Household Unit Equivalent (HUE)	A type of 'unit of demand' that relates to the typical demand for Community Facilities by an average household/residential unit.
Industrial	<p>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.</p> <p>Also means:</p> <ul style="list-style-type: none"> a) any premises used for any industrial or trade purposes; or b) any premises used for the storage, transfer, treatment, or disposal of waste materials or for other waste-management purposes, or used for composting organic materials; or c) any other premises from which containment is discharged in connection with any other industrial or trade process. d) any activity where people use materials and physical effort to: <ul style="list-style-type: none"> ■ Extract or convert natural resources ■ Produce goods or energy from natural or converted resources ■ Repair goods ■ Store goods (ensuing from an industrial process).
Impervious Surface Area (ISA)	<p>Area of impervious surfaces to be drained to the reticulated Land Drainage network.</p> <p>For the purpose of development contribution Impervious Surface Area (ISA) means the area of any site which is not capable of absorbing water and includes any area which:</p> <ul style="list-style-type: none"> ■ Falls within roofed area ■ Is covered by decks ■ Is occupied by swimming pools ■ Is paved with a hard continuous surface with a run-off coefficient of greater than 0.45.

appendix j: glossary of terms cont.

Term	Meaning
Level of Service (LoS)	The standard of service provision for each asset.
LGA 2002	Local Government Act 2002
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 (also referred as the Ten Year Plan)
Network Infrastructure	The provision of roads and other transport, water, wastewater and stormwater collection and management.
New Growth / New Expenditure	Relates to the growth demand and planned costs in the ten years from the current year.
Non-residential Development	Any development that falls outside the definition of residential development in this policy.
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.
RMA 1991	Resource Management Act 1991
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.
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.
Renewals	That portion of project expenditure that has already been funded through depreciation of the existing asset.

appendix j: glossary of terms cont.

Term	Meaning
Residential Unit	A dwelling or residential unit is defined as a self-contained building which has a bathroom and kitchen. The bathroom will include a toilet, bathing facilities (shower or bath). A kitchen will have a sink. (includes any dwelling house, apartment, flat, home unit or townhouse or papakaianga housing on ancestral land or residential village unit).
Retail	The use of land, a building or parts of a building where goods are sold or displayed for sale, by retail, or are offered for hire
Rural	Rural is deemed to have the same definition as rural environment in the District Plan.
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.
Working Day	Any day that trading banks are open for business in the city of Rotorua.
Wet Industry	A water intensive industry that uses significant volumes of water which exceeds average design units, both water and wastewater, as part of the industrial process.

financial contributions policy

This policy applies the provisions of the Operative Rotorua District Plan 'Part 16 Subdivision and Development' section, 'Appendix U Financial Contributions for Reserve Purposes', and Appendix W Minimum Engineering Requirements for Development.

The Operative District Plan is currently under review and it is anticipated that some of the provisions in this policy may change. Following the completion of the district plan review Council will update this policy for any changes using the special consultative procedure

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, a financial contribution may be required to purchase land for reserves, as outlined in Part 11 of the district plan.

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 policy cont.

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.

financial contributions policy cont.

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 policy cont.

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.). NB the draft Development Contributions Policy recognises that the vehicle movements per day is 10.
- (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. NB The contribution for footpath, kerb and channel costs may be charged pursuant to the Development Contributions Policy

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.

financial contributions policy cont.

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 Roothing' (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, 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."

Policy

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.

policy on partnerships with private sector cont.

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.



policy on significance

Background

The Local Government Act 2002 (s.278), requires that every local authority adopt, via the special consultative procedure, a policy on "significance".

The terms "significant" and "significance" are defined in s.5 of the act as follows;

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

- A) the current and future social, economic, environmental, or cultural well-being of the district or region;
- B) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter;
- C) the capacity of the local authority to perform its role, and the financial and other costs of doing so."

"**significant**, in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance."

Section 90 requires that the policy must set out;

"...(the) general approach to determining the significance of proposals and decisions in relation to issues, assets or other matters; and

Any thresholds, criteria or procedures that are to be used by the local authority in assessing the extent to which issues, proposals, decisions or other matters are significant."

Section 90 also requires that the policy list all strategic assets.

The council's general approach to determining the significance of proposals and decisions in relation to issues, assets, or other matters

The council will consider every issue, proposal, decision, or matter requiring a decision on a case by case basis to determine whether the matter is significant.

In determining whether the matter is significant, the council will consider the following:

- the likely impact/consequences of the decision on the current and future social, economic, environmental and cultural well-being of the community; and
- the likely impact that the impact / consequence(s) of the decision might have on achievement of the agreed community outcomes for the district; and
- (if any proposed action involves a decision in relation to land or a body of water) the likely impact/consequence(s) of the decision on the relationship of Maori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna and other taonga; and
- the parties who are likely to be particularly affected by, or interested in, the issue, proposal, decision or matter and the likely impact/consequences of the decision from the perspective of those parties (including if the decision is likely to affect a large number of residents and ratepayers to a moderate or greater extent; or a small number of residents and ratepayers to a large extent); and
- the financial and non-financial costs and implications of the decision; and
- the extent (if any) to which the issue, proposal, decision or matter (or type of issue, proposal, decision or matter) has had a history of generating public interest within the Rotorua district, the bay of plenty region, or New Zealand.

Thresholds and criteria that the council will use in assessing the extent to which matters are significant

The more significant or material the likely impact of the required decision, the more likely it will be that the matter is 'significant'.

Significant decisions will include, but will not be limited to, the following:-

- a proposal or decision requiring more than \$10 million of budgeted, or \$2 million of unbudgeted, expenditure;
- a proposal or decision to significantly alter the intended level of service for any significant activity - including a decision to commence or cease such activity (s.97(1)(a));
- a proposal or decision to transfer ownership or control of a strategic asset (s.97(1)(b),
- a proposal or decision to construct, replace or abandon a strategic asset (s.97(1)(c);
- a proposal or decision that will, directly or indirectly, significantly affect the capacity of the council, or the cost to the council, in relation to any activity identified in the long term council community plan (s.97(1)(d);
- a proposal or decision to change the mode of delivery of any significant activity (s.88);
- the sale of all or a majority of the council's shareholding in any council-controlled trading organisation, or council-controlled organisation;
- a proposal to enter into a partnership with the private sector to carry out a significant activity.
- for the avoidance of doubt, this policy does not apply to:
 - carry forwards
 - emergency works.

policy on significance cont.

The council's general approach to determining decisions in relation to issues, assets, or other matters

Decisions pursuant to this policy will be made in accordance with the provisions of the council's governance statement that is required to be prepared pursuant to section 40(1) of the act.

If the matter is deemed to be significant, the council will decide whether the special consultative procedure should be used – or if the requirement to 'appropriately observe' (see s.76(3)(b)) the provisions of sections 77, 78, 80, 81 and 82 will be sufficient.

The council's strategic assets

Strategic assets are defined in s.5 of the Local Government Act 2002 as:

"**strategic asset**, in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes—

- A) any asset or group of assets listed in accordance with section 90(2) by the local authority; and
- B) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- C) any equity securities held by the local authority in—
 - l) a port company within the meaning of the port companies act 1988:
 - li) an airport company within the meaning of the airport authorities act 1966."

The assets and groups of assets that the council considers to be "strategic assets" are:-

- the council's roading network; and
- the council's wastewater network and treatment plant; and
- the council's water supply network; and
- the council's stormwater network; and
- the council's public library, museum, pensioner housing, community halls, event facilities, aquatic facilities, parks and reserves, cemeteries and crematorium; and
- shares in Rotorua regional airport limited and civic assurance; and
- Rotorua regional airport infrastructure.
- waste management infrastructure consisting of:
 - Rotorua landfill
 - Rotorua recycling centre
 - transfer stations.

Note:

Legislative references to "significance" include sections 5, 90 and 278 of the Local Government Act 2002. In addition, schedule 10 (7) of the act requires that a summary of the significance policy be included in the long term council community plan.

funding impact statement

A forecast for the 10 years ending 30 June 2019

Revenue and Financing Mechanisms

Council has decided to use the following revenue and financing mechanism 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 (\$000s)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Rating Mechanisms										
Rates	21,106	22,191	23,330	24,642	25,902	27,223	28,609	30,064	31,590	33,191
Uniform Annual General Charge	13,542	14,016	14,506	15,086	15,614	16,161	16,727	17,312	17,918	18,545
Less RDC Rates	(820)	(820)	(820)	(820)	(820)	(820)	(820)	(820)	(820)	(820)
Water Rates	3,320	3,420	3,522	3,628	3,737	3,849	3,965	4,084	4,206	4,332
Sewerage Rates	9,957	10,256	10,563	10,880	11,207	11,543	11,889	12,246	12,613	12,991
Sewerage Capital Rates	255	226	3,684	4,988	1,979	429	3,510	3,324	2,055	2,840
Refuse Rates	1,872	2,746	2,818	2,892	2,979	3,068	3,161	3,255	3,353	3,454
Water by Meter	3,419	3,521	3,627	3,736	3,848	3,963	4,082	4,204	4,331	4,460
Water by Meter Penalty	8	9	9	9	10	10	10	10	11	11
Lakes Enhancement Rate	407	419	432	444	458	472	486	500	515	531
Urban Sewerage Development Rate	117	121	124	128	132	136	140	144	148	153
Lakes Community Board Rate	50	52	53	55	56	58	60	61	63	65
Business and Economic Development Rate	4,239	4,553	4,876	5,007	5,142	5,280	5,423	5,571	5,722	5,879
Roading Targeted Rate	8,627	8,886	9,152	9,427	9,710	10,001	10,301	10,610	10,928	11,256
Less Water by Meter	(174)	(178)	(183)	(188)	(194)	(200)	(207)	(213)	(221)	(228)
Total From Rating Mechanisms	65,925	69,418	75,693	79,914	79,759	81,173	87,336	90,352	92,414	96,660
Development Contributions	2,512	3,244	4,140	4,684	5,594	6,219	6,888	7,095	7,308	7,527
Resource Management Contributions	600	618	637	656	675	696	716	738	760	783
Subsidies & Grants	19,828	29,497	25,890	19,980	18,409	24,950	14,371	13,801	11,523	8,349
Investment Revenue	746	609	315	568	835	1,091	1,826	2,666	3,469	3,894
Fees & Charges	5,443	5,617	5,770	5,940	6,111	6,299	6,471	6,686	6,863	7,094
Trading Revenue	15,862	17,665	21,100	22,678	22,768	23,522	25,141	25,592	26,084	27,627
Profit on Disposal	6	6	6	6	6	6	6	6	6	6
Other Revenue Sources	44,997	57,256	57,858	54,512	54,398	62,783	55,419	56,584	56,013	55,280
Total Revenue Funding Mechanisms	110,922	126,674	133,551	134,426	134,157	143,956	142,755	146,936	148,427	151,940
Finance Mechanisms										
Debt (Net Funding)	17,070	11,719	13,451	6,028	6,554	6,542	6,297	4,475	3,840	3,968
Sale of Assets	200	206	212	219	225	232	239	246	253	261
Net Council and Created Reserves	18,539	10,647	395	(4,589)	5,510	2,609	(9,647)	(8,737)	(12,693)	(13,588)
Working Capital Funding	(1,681)	(3,434)	(7,155)	(7,513)	(7,968)	(13,957)	(9,171)	(11,977)	(15,375)	(15,846)
Total Funding From Financing Mechanisms	34,128	19,138	6,903	(5,856)	4,321	(4,574)	(12,282)	(15,992)	(23,975)	(25,205)
Total Revenue & Financing Mechanisms	145,050	145,812	140,454	128,570	138,478	139,382	130,473	130,944	124,452	126,735

funding impact statement cont.

Rates set for 2009/2010

Council sets the following rates, pursuant to the Local Government (Rating) Act 2002, for the 2009/2010 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 rate for urban sewerage development;
- h) Targeted rates for refuse collection.
- i) Targeted uniform fixed rate for part of the roading costs.
- j) Targeted rate, undifferentiated rate in the dollar on capital value for part of the roading costs.
- k) Targeted differentiated fixed rate for part of the business and economic development costs
- l) Targeted differentiated rate in the dollar on capital value for part of the business and economic development costs

Uniform Annual General Charge

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

The amount to be collected is \$15,234,400.

The uniform annual general charge has been set at a fixed amount per rating unit.

2009/2010	\$550.00
2008/2009	\$450.00

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, excluding those within the Environment Waikato region, (GST inclusive).

The amount to be collected is \$457,627.

The lakes enhancement rate is set at:

2009/2010	\$17.50
2008/2009	\$16.00

General Rates

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

The amount to be collected is \$23,744,250.

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

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

	Rate per \$ of land value 2009/10
Residential rating group	
1 Residential - General - Urban	0.00267
2 Residential - General - Rural	0.00203
3 Residential - Two Unit - Urban	0.00294
4 Residential - Three Unit - Urban	0.00614
5 Residential - Four Unit - Urban	0.00801
6 Residential - Multi Unit	0.01015

Farming rating group		
7	Farming - General	0.00203
Business rating group		
8	Business - Urban	0.01015
9	Business - Rural	0.00609
Council rating group		
10	Council property	0.01015

Targeted Rates for Roothing (New Rates)

(GST inclusive)	2009/10
Council sets a fixed uniform targeted rate for each rating unit	\$100.00
The amount to be collected is \$2,773,500.	
In addition, Council sets an undifferentiated rate in the dollar on the capital value on every rating unit.	0.00051
The amount to be collected is \$6,931,875.	

Targeted Rates for Business and Economic Development (New Rates)

Council sets a differentiated fixed targeted rate for economic development for the following categories of properties:

(GST inclusive)	2009/10 (Per rating unit)
Business Urban & Rural	\$200.00
Industrial	\$200.00
Farming	\$50.00
The amount to be collected is \$435,000.	

funding impact statement cont.

In addition, Council sets a targeted differentiated rate in the dollar on capital value for the following categories of properties

(GST inclusive)	2009/10 (rate in \$ on CV)
Business Urban & Rural	0.00215
Industrial	0.00065
Farming	0.00005
The amount to be collected is \$4,334,325.	

Targeted Rates for Water Supply

Council has set targeted rates for water supply to properties within the respective service areas 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.

A "separately used or inhabited part" is any part of a rating unit that is or is able to be used or inhabited by the ratepayer or by any other person or body having a right to use or inhabit that part by virtue of tenancy, lease, licence or other agreement. Subject to any rating unit used primarily as a residence of one household being deemed to have a single part.

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

Urban (Plan number 11015 Sheet 1)	Charging unit	2009/2010	2008/2009
The amount to be collected is \$6,540,936 (GST inclusive) (Metered water \$2,818,836; General water rate \$3,722,100)			
A differential targeted rate of:			
■ A fixed amount on each separately used or inhabited part of a rating unit connected (and not metered)	Annual for rating units connected	\$190.00	\$190.00
■ A fixed amount on each serviceable rating unit capable of connection.	Annual for rating units capable of connection	\$95.00	\$95.00
■ A fixed amount on each separately used or inhabited part of a rating unit connected (and metered)	Annual for rating units connected and metered	\$190.00	\$190.00
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 56 cubic metres per quarter.	Per cubic metre	\$0.85	\$0.85
Mamaku (Plan number 11015 Sheet 4)	Charging unit	2009/2010	2008/2009
The amount to be collected is \$89,960 (GST inclusive)			
A targeted rate of a fixed amount per connection on each rating unit connected.	Annual for rating units connected	\$194.00	\$176.68
A targeted rate on each metered rating unit of a fixed charge per cubic metre supplied to the rating unit.	Per cubic metre	\$0.54	\$0.52
Rotoiti (Plan number 11015 Sheet 5)	Charging unit	2009/2010	2008/2009
The amount to be collected is \$86,275 (GST inclusive)			
A differential targeted rate:			
■ A fixed amount per connection on each rating unit connected.	Annual for rating units connected	\$140.00	\$134.40
■ A fixed amount on each serviceable rating unit capable of connection.	Annual for rating units capable of connection	\$70.00	\$67.20
A targeted rate on each metered rating unit of a fixed amount per cubic meter supplied to the rating unit.	Per cubic metre	\$0.47	\$0.47

funding impact statement cont.

Rotoma (Plan number 11015 Sheet 6)	Charging unit	2009/2010	2008/2009
The amount to be collected is \$58,290 (GST inclusive)			
A differential targeted rate:			
■ A fixed amount per connection on each rating unit connected.	Annual for rating units connected	\$290.00	\$271.28
■ A fixed amount on each serviceable rating unit capable of connection	Annual for rating units capable of connection	\$145.00	\$135.64
A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.	Per cubic metre	\$0.98	\$0.96
Kaharoa (Plan number 11015 Sheet 7)	Charging unit		2008/2009
The amount to be collected is \$209,980 (GST inclusive)			
A targeted rate of a fixed amount per connection on each rating unit connected.	Annual for rating units connected	\$306.00	\$297.88
A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.	Per cubic metre	\$0.30	\$0.30
Reporoa (Plan number 11015 Sheet 8)	Charging unit	2009/2010	2008/2009
The amount to be collected is \$489,500 (GST inclusive)			
A differential targeted rate:			
■ A fixed amount per connection on each Domestic/Non-Farming rating unit connected	Annual for rating units connected	\$132.00	\$130.00
■ A fixed amount per connection on each Farming/Dairy-Factory rating unit connected.	Annual for rating units connected	\$206.00	\$198.00
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	\$0.40	\$0.39
■ A 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	\$0.25	\$0.24

funding impact statement cont.

Hamurana (Plan number 11015 Sheet 9)	Charging unit	2009/2010	2008/2009
The amount to be collected is \$73,876(GST inclusive)			
A differential targeted rate:			
■ A fixed amount per connection on each rating unit connected	Annual for rating units connected	\$116.80	\$114.00
■ A fixed amount on each serviceable rating unit. capable of connection	Annual for rating units capable of connection	\$58.40	\$57.00
A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied.	Per cubic metre	\$0.34	\$0.34
Okareka (Plan number 11015 Sheet 10)	Charging unit	2009/2010	2008/2009
The amount to be collected is \$41,865(GST inclusive)			
A differential targeted rate:			
■ A fixed amount per connection on each rating unit connected	Annual for rating units connected	\$87.00	\$76.00
■ A fixed amount (being 50% of the above amount) on each serviceable rating unit.	Annual for rating units capable of connection	\$48.50	\$38.00
A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied.	Per cubic metre	\$0.28	\$0.28

Targeted Rates for Sewage Disposal

Council sets the following targeted rate on a differential basis for all rating units from which sewage is collected or are serviceable rating units. For these purposes:

- A "rating unit connected" means a rating unit from which sewage is collected either directly or by private drain to a public sewerage system.
- A "serviceable rating unit" means a rating unit from which sewage is not collected but the rating unit (part) is within 30 metres of Council's sewerage system and could be effectively connected to the sewerage scheme.

Council sets the following targeted rates (GST inclusive):

Urban (Plan number 11163 Sheet 2) and Eastern and Rural (Plan number 11163 Sheets 4, 5 and 14)	Charging Unit	2009/2010	2008/2009
The amount to be collected is \$11,201,500 (GST inclusive)			
1. Residential Property A targeted rate on each rating unit connected.	Annual for rating units connected	\$361.50	\$359.00

funding impact statement cont.

Urban (Plan number 11163 Sheet 2) and Eastern and Rural (Plan number 11163 Sheets 4, 5 and 14)	Charging Unit	2009/2010	2008/2009
2. Commercial/Industrial Property as follows:			
Category 1 - means the rating units with 1 to 4 toilets (water closets or urinals)	Uniform charge for each toilet	\$361.50	\$359.00
Category 2 - means the rating units with 5 to 10 toilets (water closets or urinals)	Uniform charge for each toilet	\$307.28	\$305.15
Category 3 - means the rating units with 11 or more toilets (water closets or urinals)	Uniform charge for each toilet	\$289.20	\$287.20
3. Availability - means the rating units which are serviceable rating units.	Annual for rating units capable of connection	\$180.75	\$179.50

Targeted Rates for Urban Sewerage Development

Council sets an urban sewerage development rate by way of a uniform amount for each rating unit in the "Urban Sector" that pays a UAGC (GST inclusive).

The amount to be collected is \$131,693.

The urban sewerage development rate is set at:	2009/2010	\$6.10
	2008/2009	\$6.10

Targeted Rates for Capital Cost of Sewerage Schemes

Council sets targeted rates on a differential basis for the following sewerage schemes (GST inclusive).

Okawa Bay (Plan number 11163, Sheet 5)	Charging Unit	2009/2010	2008/2009
The amount to be collected is \$13,016 (GST incl) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$519.82	\$519.82
Mourea (Plan number 11163, Sheet 4)	Charging Unit	2009/2010	2008/2009
The amount to be collected is \$31,564 (GST incl) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$335.79	\$335.79

funding impact statement cont.

	Charging Unit	2009/2010	2008/2009
Marama Point (Plan number 11163, Sheet 14)			
The amount to be collected is \$10,738 (GST incl) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$268.44	\$268.44
Duxton (Plan number 11163, Sheet 5)			
The amount to be collected is \$14,102 (GST incl) A fixed amount	Annually	\$14,102.14	\$14,102.14
Hinemoa Point (Plan number 11608, Sheet 8)			
The amount to be collected is \$39,350 (GST incl) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$596.20	-
Rotokawa (Plan number 11608, Sheet 2)			
The amount to be collected is \$41,850 (GST incl) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$226.25	-
Brunswick Stages 4 and 6 (Plan number 11608, Sheet 11)			
The amount to be collected is \$15,855 (GST incl) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$352.40	-
Brunswick (Plan number 11608, Sheet 10)			
The amount to be collected is \$88,780 (GST incl) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$733.70	-

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 for the capital cost of these sewerage schemes:

Hinemoa Point	Per HUE	\$7,014.00
Rotokawa	Per HUE	\$2,662.00
Brunswick Stages 4 and 6	Per HUE	\$4,146.00
Brunswick	Per HUE	\$8,632.00

Targeted Rates for Refuse Collection

(Plan number 10196, Sheets 1 and 2)

A “separately used or inhabited part” is any part of a rating unit that is or is able to be used or inhabited by the ratepayer or by any other person or body having a right to use or inhabit that part by virtue of tenancy, lease, licence or other agreement. Subject to any rating unit used primarily as a residence of one household being deemed to have a single part.

Council set targeted rates for refuse collection from each separately used or inhabited part 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, as follows (GST inclusive):

Refuse Collection (Plan numbers 10196-002 [urban] and 10196-001 [rural])	Charging Unit	2009/2010	2008/2009
The total amount to be collected is \$2,106,000 (GST inclusive)			
Urban (weekly collection)	Annual	\$73.50	\$70.10
Urban (CBD twice-weekly collection)	Annual	\$147.00	\$140.20
Rural (weekly collection)	Annual	\$76.00	\$72.60

funding impact statement cont.

Targeted Rates for Lakes Community Board

Council sets a lakes community board rate by way of a uniform amount for each rating unit that is wholly or partially within the area defined by the 2006 decision of the Local Government Commission, comprising the area delineated on SO Plan No.379278.

The amount to be collected is \$56,250 (GST inclusive).

The lakes community board rate is set at:	2009/2010	\$21.00
	2008/2009	\$21.00

Rates Postponement

To cover costs, the following fees and charges are set for the 2009/2010 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	2009/2010	2008/2009
Application Fee	One-Off	\$100.00	\$100.00
Contribution to Counselling	One-Off	\$300.00	\$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	\$50.00
Administration Fee	Annual	1.00%	1.00%
Reserve Fund Fee	Annual	0.25%	0.25%
Property Insurance *	Annual	TBA	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 excluding targeted rates for metered water supply charged quarterly) will be payable in four instalments by the due dates, as follows:

Instalment	Due Date
Instalment Number 1	25 August 2009
Instalment Number 2	25 November 2009
Instalment Number 3	25 February 2010
Instalment Number 4	25 May 2010

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 2009/2010 is 2.00%.

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 2009.
 - 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 2010.
- **Postponed rates:**
Penalties will not be applied to any postponed rates

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.

valuation changes

Overall, the general rate including the new rates for roading and business and economic development will increase by 2% (excluding the impact of growth from subdivisions). However, this will not necessarily be the amount by which each ratepayer's rates will increase. Other factors are involved. These are:

- The impact of the triennial revaluation on the District Valuation Roll; and
- Changes to the way Council charges rates as indicated in the Rating Policy document. These include :
 - Increasing the UAGC up to maximum
 - Establishing a new targeted rate for roading (charged as a fixed amount and on capital value)
 - Establishing a new targeted for business and economic development (also charged as a fixed amount and on capital value)
 - Changes to the general rate differentials and rating categories.

The following charts show average increases to land value and capital value across the district as a result of the triennial revaluation.

Note Not all properties within each rating category will have increased by the same percentage.

If residents wish to determine their Rotorua District Council rates for 2009/10 please refer to the Rate Calculation Worksheet.

Rating Categories	Average Land Value (\$)		Average %
	2005	2008	Increase
Residential general urban	89,006	130,378	46%
Residential vacant urban	104,411	155,142	49%
Residential general rural	199,769	242,526	21%
Residential vacant rural	118,206	150,436	27%
Residential two unit	102,963	151,389	47%
Residential multi unit	151,857	249,427	64%
Farming general	819,493	1,457,743	78%
Business urban outside CBD	227,553	384,507	69%
Business inside CBD	372,167	561,890	51%
Business rural	299,880	392,184	31%

Rating Categories	Average Capital Value (\$)		Average %
	2005	2008	Increase
Residential general urban	218,977	274,972	26%
Residential vacant urban	116,530	168,374	44%
Residential general rural	370,944	455,387	23%
Residential vacant rural	123,060	157,517	28%
Residential two unit	261,310	333,211	28%
Residential multi unit	397,611	522,187	31%
Farming general	1,110,753	1,772,065	60%
Business urban outside CBD	722,125	849,786	18%
Business inside CBD	1,219,661	1,535,297	26%
Business rural	1,043,134	1,173,453	12%

