

POLICIES

WHAT ARE POLICIES?

Policies:

- support the decision making of elected members;
- inform the community of Council's position on specific policy issues;
- provide staff with clear direction on how decisions are to be implemented.

Some policies are required by legislation.

As part of the Local Government Act 2002, Tauranga City Council must include in its Long Term Council Community Plan (LTCCP) all Funding and Financial Policies. These include:

Open Space Level of Service

Provides a clear framework and level of service standard for how Council will approach the provision and development of the open space network, and how Council is responding to the different growth needs of the city through addressing the quantity, quality, accessibility and function of the open space network.

Revenue and Financing

Guides how Council will determine sources and types of funding for operating and capital expenditure for its activities.

Funding Depreciation and Use of Depreciation Reserves

Identifies how Council will determine the extent to which it funds depreciation expenditure and will use depreciation reserves. Specifies fully funding depreciation expenditure and use of depreciation reserves.

Debt Retirement Funding

Specifies what percentage of each activity's debt will be repaid each year, using depreciation reserves in part to meet the repayments.

Use of Financial Year Surplus or Deficit

Identifies how Council will utilise projected and actual surpluses and deficits.

City Partnership Programme

Outlines how Council will develop relationships with individuals and other organisations to co-fund the establishment of new facilities.

Strategic Property

Sets criteria for the acquisition and divestment of property.

Rating

Identifies how Council will set rates.

Rates Remission

Specifies the various remissions available and any associated requirements.

Rates Postponement

Identifies when a ratepayer may apply to have the payment of rates delayed.

Remission and Postponement of Rates on Maori Freehold Land

Identifies criteria for remitting or postponing rates on Maori Freehold Land.

Treasury

Identifies how Council will manage its liabilities and investments.

Procurement

Guides how Council will obtain goods and services for the community, promote public/private partnerships and meet procurement requirements to enhance procurement outcomes.

Significance

Provides guidance on identifying the significance of issues, proposals and decisions which substantively affect the Tauranga community, and to ensure that the community are engaged appropriately on issues which affect them.

Complete copies of these policies are available in this section. You can also get a copy on Council's website www.tauranga.govt.nz

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COUNCIL SUPPORTING POLICY

POLICY TITLE:

OPEN SPACE LEVEL OF SERVICE POLICY

LEAD POLICY: LEVELS OF SERVICE

1. POLICY OBJECTIVES

- To identify how Council is going to work towards achieving the vision, principles and goals of the Open Space Strategy (2006).
- To outline how Council is responding to the different growth needs of the city through addressing the quantity, quality, accessibility and function of the open space network.
- To provide a clear approach and level of service standards for Council's approach to the provision and development of the open space network.

2. PRINCIPLES

In implementing this Policy Council will:

- Primarily focus on the access to and use of the open space network.
- Focus on making the most of the open space network.
- Seek to ensure there is a fair and reasonable distribution of open space across all areas of the city.
- Seek to ensure that the open space level of service is able to be provided into the future as population

growth occurs.

Council will also recognise:

- The role of the open space network in achieving good urban development outcomes by providing community focal points, pedestrian and open space connections, high levels of amenity and feelings of openness, and a range of recreational opportunities.
- The role of the open space network in providing opportunities for recreation (active and passive), conservation (protection of natural and cultural features), amenity (greening of the urban environment and spatial settings for housing), and utilities (stormwater management, ecological corridors, buffers etc)
- The role of the open space network in achieving a number of Council's strategic objectives (eg transport, stormwater, open space objectives).
- That the value of open space can be measured by a variety of means including utilisation, existence value and amenity.
- That the level of service for open space needs to be achievable from a cost and practicality point of view.
- That the benefits of the open space network are received by both the existing population and the future growth population.
- That there are different sectors of the community that have different needs in terms of access to the open space network.

3. DEFINITIONS

Best Practice Guide for Open Space is a document adopted by Council in 2007 that outlines best practice approaches and success factors for the planning, development and management of open space within Tauranga city.

Comprehensive Development Areas are the urban growth areas of Pyes Pa West, Papamoa East Stage 1 (Wairakei), and Papamoa East Stage 2 (Te Tumu) where:

- There is a clearly defined geographic area which is/ will be identified in the District Plan and is being comprehensively planned as an urban growth area; and
- The District Plan has distinct and separate provisions relating to subdivision, development and services of the area; and
- The area meets the Smartgrowth requirements of a minimum average development yield of 15 lots per hectare.

Other Comprehensive Development Areas could be added entirely at Council's discretion at a later date. Comprehensive Development Areas could also include intensification areas (as defined below) within them.

Criteria means criteria applied to assess the quality of the open space network. The criteria are identified in the Best Practice Guide for Open Space 2007 and outlined further in this Policy under the Quality Standards.

Infill Growth Areas are the two growth areas identified in the Tauranga District Plan and Development Contributions Policy as Mount Maunganui and Tauranga, and any infill growth areas identified in the future.

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Intensification Areas are areas that provide greater opportunity for medium density, high density, or mixed use types of development within a defined area. These areas are generally defined by Council through specific intensification projects and subsequent District Plan changes.

Open Space Network means areas of land (mainly parks and reserves) that are maintained by Council and that the community have a level of physical access to. In most circumstances these areas will be connected to each other in some way (eg using the street network or other areas of open space). Attachment B provides an explanation of the different types of open space included in the open space network.

Urban Growth Areas are the six growth areas identified in the Tauranga District Plan and Development Contributions Policy as Bethlehem, West Bethlehem, Pyes Pa, Pyes Pa West (outside of the Lakes area), Ohauti, Welcome Bay and Papamoa, and any urban growth areas identified in the future. Urban Growth Areas could also include intensification areas within them.

4. BACKGROUND

4.1 Previous reserves level of service approach

In 2003 Council adopted a level of service of 3.45 hectares reserve land for every thousand people. The quantity only standard was based on the average provision of active, neighbourhood and community building reserve land in 2001 and the general community satisfaction with this. The level of service provided a direct link to growth and determined the development contributions required to fund the purchase and development of new reserves required to

meet the level of service.

The level of service worked reasonably well in new greenfield areas but was difficult to apply for practical reasons to infill and existing urban growth areas. The level of service did not include the provision of other types of open space such as harbour, coastal and passive reserves. The quantity standard provided a good benchmark of what we have and what we want to continue to provide as the city grows but did not consider other standards that provide a greater understanding and recognition of what we want to achieve from our open space network.

4.2 Open Space Strategy

In 2005 Council adopted the Open Space Strategy with a vision to protect, develop and enhance a network of open spaces. The strategy has five key goals that address the quantity, quality, function, accessibility and protection of the open space network.

The strategy signals a shift from a level of service approach that only considers the amount of open space required, to a broader level of service approach that aims to achieve good quality open spaces, accessible open spaces, and a variety of open space experiences. This Policy reflects this new approach.

4.3 New open space level of service approach

It is recognised that each geographic area of the city has different characteristics, communities, development patterns, and levels of existing open space provision. To this extent it is difficult to achieve one consistent standard across the city. Therefore the Open Space Level of

Service outlined in this Policy is an average target that we want to achieve across the city. The make up of the level of service is different in each area; however the key open space outcomes Council requires are the same across the city and in each geographic area.

The time at which the level of service is achieved is generally defined by the adopted planning period for each growth area of the city and the rate at which level of service projects are implemented. The Policy seeks to achieve an appropriate balance between the provision of new open space and the enhancement of existing areas of open space.

Community feedback through many Council planning processes has highlighted the importance that the community places on the existing open space network and the need to retain open space values into the future. This Policy aims to ensure that this occurs by focusing on the quality, accessibility and function of the open space network and ensuring that future growth areas provide for these values.

4.4 Total amount of open space in Tauranga

In 2009 the population of Tauranga has access to over 3390 hectares of open space. This includes coastal reserves, subregional parks, stormwater reserves, active reserves and neighbourhood parks. The total amount equates to approximately 30 hectares of open space per thousand people at 2009. This level of service will change as the population grows and as more land is provided for open space in the future.

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5. POLICY STATEMENT

5.1. Open Space Level of Service Framework

5.1.1 Standards

The open space level of service promotes a standards based approach.

The standards are designed to ensure that people have good access to the open space network and the variety of open space experiences that it provides while ensuring that the open space network is highly valued by the community and is the outcome of good design and best practice.

The standards are:

- Accessibility – how far people should have to travel to reach a particular type of open space
- Quality – the level of quality which all open spaces should attain to
- Function – the different types of open space experiences we want to provide
- Quantity – how much open space we should have

Section 5.2 provides further information on these standards.

5.1.2 Areas

An area based approach has been used to help determine the standards for accessibility, function and quantity. What this means is that people should be able to travel a certain distance to access certain types of experiences from their home. For example, most people should be able to walk 10-15 minutes from their home to get to an area of open space that provides play opportunities, passive spaces,

vegetation and amenity. This is the Neighbourhood Area Open Space and can be provided through a variety of reserve types such as neighbourhood reserves, active reserves, and stormwater reserves, as long as the function standards are met.

The hierarchy then moves up to Local Area Open Space, Suburban Area Open Space, and then Citywide Area Open Space. To illustrate this if you were to start at one point in the city you would see a series of concentric circles working their way out from that point to identify the different open space experiences that would be provided and the distances required to travel to these open spaces.

5.1.3 Application

The Policy recognises that some areas of the city must be considered on an individual basis in order to tailor the most appropriate range, quality and quantity of open space to achieve good urban development outcomes. With this in mind, application of the standards recognises different development patterns within the city and different District Plan zones in some cases (see Section 5.3).

5.1.4 Reserve Types

A description of the general types of open space is included in Attachment B. While the type of open space is not the driver for the standards (which had been the case under the previous level of service) a description is provided for each reserve type to highlight the different areas that contribute to the make up of the open space network.

5.2. Open Space Level of Service Standards

5.2.1 Accessibility Standards

The accessibility standards are outlined in Attachment A.

The aim of accessibility standards is to ensure that everyone has reasonable access to the open space network and the variety of experiences that it provides. The standards reflect our analysis on what are acceptable and reasonable distances for people to travel to get to different open space experiences. For Neighbourhood Area Open Space the expectation is that people are able to walk 10-15 minutes to access these areas. For Local, Suburban and Citywide Open Space Areas people could access these utilising a variety of transport options (including walking).

When applying the accessibility standards:

- Physical barriers such as main roads, railways, steep topography, and inaccessible areas will be taken into account and will require the provision of additional areas of open space if these barriers inhibit physical accessibility. This recognises that the 500m and 400m requirement is “as the crow flies” and that in some situations it may not be a realistic measure of actual accessibility.
- The type of open space must be able to accommodate the function and experiences outlined in Attachment A to a satisfactory level. For example, if a stormwater reserve provides the Neighbourhood Open Space Area requirements then it must be able to be developed with play facilities, passive spaces (seats, shade etc), vegetation and landscaping, and this function must not be compromised by the primary purpose of the reserve for stormwater.

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If this cannot be achieved then an additional area of open space will be required.

- If it is considered impractical to achieve the accessibility standards because of the nature of the built environment or the cost involved in doing this (for example, in an existing residential area where there is limited opportunity to purchase land or the cost is determined by Elected Members to outweigh the benefits of doing this) then the priority will be on increasing the accessibility, visibility and quality of the nearest existing open spaces.
- It is recognised that in some cases the accessibility standards may be exceeded, that is, one person may have more access to a number of open space areas within close proximity to their home. This is often a product of the historical provision of open space or geographical characteristics of an area, and can often be reflected in the property values of these areas (eg higher value properties along the coastal strip).
- The distances are intended to reflect the furthest a person would have to travel to get to a particular type of open space; in some cases it may be that the open space will be closer.
- The ideal size of open space has been specified. This is to ensure that the function standards and base development requirements are met however there is some flexibility in this size requirement if it can be illustrated that the base development requirements are still being achieved.

The accessibility standards will be achieved in Tauranga when most people have access to neighbourhood, local, suburban and citywide open space in accordance with the distances outlined in Attachment A. Council's mapping systems are able to analyse accessibility standards both

as the crow flies and through actual accessibility using distances along the street and open space network.

5.2.2 Quality Standards

The quality standards are determined through compliance with criteria included in the Best Practice Guide for Open Space.

The aim of quality standards is to provide good quality open spaces that contribute to the recreational and social needs of the community. The quality of open spaces is about people – our open space network needs to be developed so that people know that its there, people feel safe using it, so that it responds to a variety of recreational needs from all ages, and so that it is valued by people.

The Best Practice Guide criteria are:

- **Location** – open space should be located in a central, prominent area that relates strongly to surrounding catchment, land use and activities, maximise street and public frontage, and connect to existing open space network and surrounding residential catchment (need to ensure appropriate edge treatments are in place)
- **Landform** – ensure site topography is compatible with the intended purpose of the open space, promote clear visibility within the reserve, locate to ensure good solar access, avoid overly exposed sites
- **Proportion** – ensure open space meets minimum requirements for use and function, include buffer zones if appropriate, avoid overly elongated, narrow and irregular shapes
- **Access** – open space should be located at the intersection of movement corridors, and where a high

level of use is anticipated, and near transport routes, safe and distinct pedestrian accessways will be provided through the open space

- **Visibility** – open space will be highly visible and have a good proportion of direct road frontage to the street network and other public edges, avoid solid fences or planting which limits passive surveillance into and through the reserve, avoid dense planting in areas that will block visibility, ensure entry and access points are clearly visible and signage is strategically located
- **Identity** – where possible locate open space to protect heritage sites, views, or mature vegetation, utilise planting schemes and materials that reflect and enhance site identity and incorporate interpretive features such as signage and sculpture where appropriate
- **Wellbeing** – provide shade by way of clear stemmed specimen trees, locate facilities in prominent, visible locations, ensure all structures are designed to safety codes, avoid use of vegetation that presents health issues
- **Public Use** – ensure that activities reflect needs of user groups, create activity nodes to encourage desirable social interaction, encourage a sense of ownership of the open space
- **Adaptability** – consider ways that the open space might adapt to users at different times of the day or year, select materials that are suited to the site conditions, where space permits provide flat unobstructed areas, avoid unnecessary barriers that might impede use

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For a full analysis of the criteria and its application refer to the Best Practice Guide for Open Space available on Council's website www.tauranga.govt.nz.

When applying the quality standards:

- The location of neighbourhood and local area open space should be considered as part of or adjacent to neighbourhood and town centres as a first priority to maximise usage, with larger parks being located on the edge
- The location of neighbourhoods and local area open space within residential areas of higher densities should be considered to provide relief from the built environment and provide additional amenity for these areas
- In some cases, where appropriate and practical Council will consider the further acquisition and development of land to increase the quality of existing areas of open space
- In circumstances where an area of existing open space is significantly unable to meet the Best Practice Guide for Open Space criteria, Council, in consultation with the community, may consider selling and replacing the land, exchanging the land, or purchasing additional land adjacent to the open space area, all with the intent of meeting best practice criteria.
- It is recognised that the delivery of projects that help to achieve the quality standards is subject to the LTCCP prioritisation process. This may mean that the delivery of projects occurs over a longer period of time than originally anticipated through a reserve management plan process or other planning process.

The quality standards are more difficult to measure than accessibility standards. This means that it is difficult to measure at what point in time the quality standards are fully achieved. Community needs, perceptions, use, existing provision, project timing, and topography all impact on the ability to achieve quality open spaces. It is recognised that from a practical point of view not all existing areas will fully achieve the criteria however the aim is to achieve an overall average of 70% compliance. All new open space areas are required to achieve the criteria as close as practicable with an aim for 100% compliance.

Council staff assessed all areas of open space against the best practice criteria. From this a number of projects have been identified that will improve the quality of the existing open space network (note a number of this projects are from existing reserve management plans). This assessment will be reviewed every LTCCP to see how we are tracking in meeting the quality standards. Council will also aim to ensure maintenance standards for the open space network reflect the purpose and function of the area of open space to maintain quality open spaces into the future.

5.2.3 Function Standards

The function standards are outlined in Attachment A

The aim of the function standards is to ensure that a variety of open space and recreational experiences are provided from the open space network, and provide a balance between small neighbourhood parks and larger suburban and citywide parks.

5.2.4 Quantity Standards

Infill Growth Areas and Existing Urban Growth Areas

The previous level of service approach only considered the amount of open space required which was expressed as a hectares of reserve land per population standard (ha/1000). This meant that more people = more open space. This level of service now shifts the focus to accessibility, quality and function of open spaces. This approach is more suited to infill growth areas and existing urban growth areas where most of the development has already occurred. This ensures that the focus is on making the most of what we have (as per the principles of this Policy). The outcome of this is that the majority of levels of service projects focus on the development of open spaces, with fewer projects requiring additional land purchase in existing areas of the city.

In some existing urban growth areas land purchase may be required where the area is currently undeveloped. In these circumstances the requirement for a open space is only triggered by the development of that area, in other words if the area was not developed then there would be no requirement for additional open space.

For existing urban growth areas and infill growth areas the level of service expressed as a hectares per thousand standard will only be used to identify how much open space we have and how this is tracking as the population grows, and for comparison against other local authorities.

Comprehensive Development Areas and New Urban Growth Areas

While the change in approach works well in existing residential areas of the city, for new undeveloped areas (such as Comprehensive Development Areas and new Urban Growth Areas) there is a need for a quantity based

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level of service that links in with the quality, accessibility and function standards outlined in this Policy.

The reason for this is to:

- provide a starting point and certainty to developers of the open space requirements,
- enable a link to be made to growth and subsequent development contributions,
- achieve fair and reasonable distribution of open space across the city (a Principle of this Policy),
- recognise that Comprehensive Development Areas have areas of higher density than standard residential developments as these areas aim to achieve the SmartGrowth development yield of 15 lots per hectare (compared to a standard yield of 10-11 lots per hectare). The role of open space becomes even more important the higher the densities are; and
- provide a better ability to achieve live, work, play environments when developing a greenfield site.

On this basis quantity standards will only be applied to new Urban Growth Areas and Comprehensive Development Areas. The quantity standard is 1.7 hectares of neighbourhood and local open space per 1000 people. Criteria provide further detail on how this can be achieved to try and ensure a balance between the provision of different reserve types, and between open space that can be used and open space that provides amenity but has limited physical use. Section 5.3 provides an explanation of the criteria and how this is to be applied. The 1.7ha/1000 standard is based on the average provision of local reserves as at 2001.

In circumstances where land is offered to Council that is

above the open space level of service standards this will be taken at Council's discretion. This includes discretion relating to payment for the land, the area required, and development and ongoing maintenance costs of the land.

5.3 Application of Open Space Level of Service

It is recognised that different areas of the city have different characteristics, communities, development patterns, and levels of existing open space provision. Application of the Open Space Level of Service standards needs to recognise and respond to the differences within the city. To this extent the following information outlines how the level of service will be applied to different growth areas within the city.

5.3.1 Comprehensive Development Areas and new Urban Growth Areas

The accessibility, quality and function standards will apply to these areas.

The following quantity standards will also apply as follows:

A standard of 1.7 hectares neighbourhood and local area open space per 1000 people subject to the following criteria:

- a minimum of 50% of this will comprise neighbourhood reserve (see Attachment B for a definition) distributed throughout the development.
 - this can also incorporate linear walkway reserves to achieve connectivity and create walkable neighbourhoods
 - this can also incorporate historic reserves (as long as function standards are met)

- this could incorporate land provided by other organisations as long as it meets the quality, function and accessibility standards outlined in the Policy and is developed in a way that ensure the space is accessible to the community

- up to 50% of this will include a proportion of larger areas of open space (eg stormwater, active reserves, subregional reserves) and/or open space provided by other organisations where the community will gain benefit from the amenity and potentially the informal use of the area.

As part of the planning for the growth area a public open space schedule must be provided to outline how the level of service standards have been met and what the quantity standard is comprised of. This will need to be incorporated into the structure plan and urban development plan for the area.

In some areas Council will work with the developers to see if agreement can be reached on vesting and developing the open space network without the requirement for financial or development contributions.

For existing comprehensive development areas (as at 2008) the open space level of service will occur in accordance with the relevant Plan Change for that area.

5.3.2 Intensification Areas

An evaluation will be undertaken to determine the types of open space available, the quality of these spaces, and the function that they provide.

As part of the planning process for the area, consideration will be given to community perceptions about their open

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space environment. Strengths and weaknesses will be identified and consideration will be given to a range of options available to address identified issues. These options could include:

- improving the quality of open spaces (refer to quality standards)
- improving the function of open spaces (refer to function standards)
- improving connections between open spaces (using streets, accessways, cycle ways etc)
- improving the amenity values of the open space network
- provision of additional areas of open space
- enhancement of streetscape to provide amenity and recreational opportunities
- recognition of open spaces provided by schools, churches, marae and other organisations
- consideration of provision of on-site open space
- contribution of town centres and civic spaces

This information will be integrated into the Urban Development Plan and Infrastructure Plans for these areas, and be used to establish a specific level of service relevant to the area identified, with associated projects and costs.

5.3.3 Existing Urban Growth Areas and Infill Growth Areas

The accessibility, quality, and function standards will apply to these areas.

5.3.4 Rural and Rural Residential Zoned Land

The Neighbourhood Area Open Space level of service standards are not required in these zones (unless there is insufficient provision in adjacent areas). This is on the basis that the section sizes are sufficient to provide the function and experiences outlined in the open space level of service standards. Local, Suburban and Citywide areas are still required to be accessible for people in these zones. If the zone is to change in the future or a smaller lot development is proposed the neighbourhood area standards will apply.

5.3.5 Marae Urban, Marae Rural Zoned Land and Ngati Kahu Papakainga Zones.

Open space provided or planned to be provided in these zones is excluded from the Open Space Level of Service. There is no requirement for Marae Zoned land to provide open space in accordance with this Policy. It is however recognised that open space and recreational needs will be assessed and responded to through the development of Tangata Whenua management plans for these areas (refer to SmartGrowth Strategy and Implementation Plan May 2007).

5.4 Implementation Plan

The schedule of projects required to meet the Open Space Level of Service is included in the Open Space Area Plan and Implementation Plans. This will be reviewed for every Long Term Council Community Plan (and potentially through Annual Plan processes) and reflected in the Long Term Council Community Plan (ie projects, funding and timeframes) and Financial or Development Contributions

Policy.

5.5 Land Acquisition Process

Procedures will be developed to outline how land acquisition for open space required to meet the Open Space Level of Service will occur. Timeframes and budget required for purchase will be subject to the Annual Plan and Long Term Council Community Plan processes.

6. RELEVANT DELEGATIONS

The Chief Executive and his/her nominee has delegated authority for the implementation of this policy.

7. REFERENCES AND RELEVANT LEGISLATION

SmartGrowth

Open Space Strategy 2005

Tauranga City District Plan

Development Contributions Policy

Code of Practice for Development

Level of Service Policy

Best Practice Guide for Open Space 2007

Local Government Act 2002

Reserves Act 1977

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ATTACHMENT A: OPEN SPACE LEVEL OF SERVICE ACCESSIBILITY AND FUNCTION STANDARDS

Note the next level or area up could deliver on the level of service standards for the area below.

OPEN SPACE LEVEL OF SERVICE ACCESSIBILITY AND FUNCTION STANDARDS				
Open Space Area	Function Standards	Quantity Standards	Base Development Requirements	Examples of Open Space Types that could achieve this
Neighbourhood Area Open Space	<ul style="list-style-type: none"> • Areas for play (particularly young children) • Passive spaces • Green environment • Amenity 	<ul style="list-style-type: none"> • Within 500m (400m in CDA's) of most residences (95%) • Ideal size 3000m² 	Playground (see LOS) Area of open space Seats and shade Vegetation/landscaping Mow to low levels	Neighbourhood reserves Stormwater reserves Coastal reserves Active reserves Destination parks
Local Area Open Space	<ul style="list-style-type: none"> • Areas for walking • Areas for unorganised activity • Open space • Amenity 	<ul style="list-style-type: none"> • Within 2km of most residences (95%) • Include a large area of unobstructed space (of approximately 3000m²) 	Open space area Pathways Seats and shade Vegetation/landscaping	Walkway reserves Stormwater reserves Coastal reserves Active reserves Destination parks
Suburban Area Open Space	<ul style="list-style-type: none"> • Areas for organised activity • Social and community use • Local events • Themed landscape 	<ul style="list-style-type: none"> • Within 4km of most residences (95%) • Ideal size of 2 hectares 	Open space areas Picnic / BBQ facilities Vegetation / landscaping Optional: Toilet facilities Buildings / clubrooms Skateparks Themed landscaping	Active reserves Stormwater reserves Coastal reserves Destination parks Passive reserves
Citywide Area Open Space	<ul style="list-style-type: none"> • Destination areas • Green and natural areas 	<ul style="list-style-type: none"> • Within 5km + of most residences (95%) • Ideal size of 10 hectares + 	Higher LOS provided for play equipment and structures	Destination parks Active reserves Passive reserves

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ATTACHMENT B: TYPES OF OPEN SPACE

This is not an exhaustive list but is intended to provide information on the main types of reserve included in the open space network.

TYPES OF OPEN SPACE			
Reserve Type	Primary Function	Description	Examples
Neighbourhood Reserve	Informal Recreation and Open Space	Generally small areas of space that provide for use by local communities for casual recreation, relaxation, community activity, and amenity. They also play a role in providing relief from the built environment.	<ul style="list-style-type: none"> Lees Park Kings Ave Reserve Wells Ave Reserve Pelorous Reserve
Active Reserve	Formal Recreation and Open Space	Generally large parks primarily used for organised sports and events. They also provide large areas of open space and are used for passive purposes.	<ul style="list-style-type: none"> Mitchell Park Pemberton Park Blake Park Tauranga Domain
Community Building Reserve	Community Buildings	Land used primarily for community facility purposes (eg libraries, halls, community centres, clubrooms etc). Generally located within town or neighbourhood centres.	<ul style="list-style-type: none"> Welcome Bay Reserve (Waitaha Reserve) Bethlehem Community Hall Reserve
Historic Reserve	Cultural or Historic Protection	Land provided to protect areas of cultural and/or historic significance. These areas can also provide for passive recreation (eg walking) and open space.	<ul style="list-style-type: none"> Osprey Drive Reserve Otumoetai Pa Reserve
Passive Reserve	Various Purposes	Generally large areas of land that provide for a variety of purposes including amenity, conservation, preservation, access, recreational use, natural environments etc.	<ul style="list-style-type: none"> Kopurererua Valley Matua Saltmarsh
Esplanade (Harbour) Reserve	Harbour access and conservation	Land that provides access to harbour areas and also protect conservation values of harbour margins. Often these reserves provide walkway linkages.	<ul style="list-style-type: none"> Waikareao Estuary reserves
Walkway Reserve	Walkway Linkages	Land that provides walkway linkages within the open space network. Generally of a sufficient width to provide for dual use and also amenity and open space to the surrounding areas.	<ul style="list-style-type: none"> Sherwood Vale Walkway Reserve
Coastal Reserve	Coastal access and conservation	Land that provides access to coastal areas and also protects conservation values of coastal land.	<ul style="list-style-type: none"> Mount Main Beach Papamoa Beach
Destination Park	Destination point for recreational experiences	Parks that provide a unique experience that people will drive to get to and that provide a higher level of service than other parks.	<ul style="list-style-type: none"> Memorial Park
Stormwater Reserve	Stormwater collection	Areas of land required for stormwater collection purposes but also able to provide significant amenity and recreational values.	<ul style="list-style-type: none"> Wairakei Drainage Reserve Carmichael's Reserve
Subregional Parks	Variety of purposes as outlined in Joint Subregional Parks Policy	Large areas of land that provide for the subregional population and provide a variety of recreational experiences as well as protecting significant landscapes, heritage, ecological, and cultural areas.	<ul style="list-style-type: none"> Huharua Harbour Park TECT All Terrain Park

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COUNCIL LEAD POLICY

POLICY TITLE:

REVENUE AND FINANCING

1. POLICY OBJECTIVES

- To determine the appropriate funding sources to fund activities.
- To provide certainty and predictability over the levels of funding.
- To determine who pays for Council's facilities and services and the basis for this payment.

2. PRINCIPLES

In considering the appropriate funding for operating and capital expenditure, Council recognises the following principles and notes that there are conflicts between principles and that in practice trade-offs between competing principles will be required:

- Accessibility – that Council facilities and services should be accessible to as many people as possible.
- Affordability – both that Council facilities and services should, wherever possible, be affordable to users and that rates should, to the extent possible, be affordable to ratepayers.
- Benefit – that those who benefit from a Council facility or service should contribute to the costs of that facility or service.
- Exacerbators – that those who contribute to the need

for a Council facility or service should contribute to the costs of that facility or service.

- Legislative constraints – that the funding of operating and capital expenditure shall comply with relevant legislative constraints.
- Participation – that the funding of operating and capital expenditure should encourage public participation in activities provided through Council facilities and services.
- Practicalities – the funding of operating and capital expenditure should take account of the practicalities and efficiencies of the available funding methods.

3. DEFINITIONS

Capital Expenditure comprises works which upgrade and enhance a significant component of the asset, restoring it beyond its original design capacity/estimated life. It also includes new assets.

Operating Expenditure comprises day-to-day (planned and unplanned) routine expenses.

Private Good means where the benefits of a service accrue to an identifiable individual or groups of individuals.

Public Good means the spending which benefits the community in general and for which no individual beneficiaries can be clearly identified.

Renewal Expenditure comprises works which upgrade and enhance a significant component of the asset, restoring it to its original size, capacity and condition.

Sub-region means the combined land areas covered by the Tauranga City Council and Western Bay of Plenty District Council.

4. BACKGROUND

Section 102(4)(a) of the Local Government Act 2002 requires the adoption of a Revenue and Financing Policy.

Section 103(1) of the Local Government Act 2002 requires that the Revenue and Financing policy must state Council's policies in respect of the funding of:

- a) operating expenses from the sources listed in subsection (2); and
- b) capital expenditure from the sources listed in subsection (2).

Section 103(2) of the Local Government Act 2002 identifies the sources referred to in subsection (1) as being:

- a) general rates, including:
 - i) choice of valuation system; and
 - ii) differential rating; and
 - iii) uniform annual general charges:
- b) targeted rates;
- ba) lump sum contributions;
- d) fees and charges;
- e) interest and dividends from investments;
- f) borrowing;
- g) proceeds from asset sales;
- h) development contributions;
- i) financial contributions under the Resource Management Act 1991;
- j) grants and subsidies;
- k) any other source.

POLICIES

Examples of “other sources” used by Council include, but are not limited to, renewals funding from depreciation reserves, lump sum or equity payments.

Section 103(3) of the Local Government Act 2002 states that the Revenue and Financing Policy must also show how Council has, in relation to the sources of funding identified in the policy, complied with section 101(3).

Section 101(3) of the Local Government Act 2002 requires that the funding needs of Council must be met from those sources that Council 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.

5. POLICY STATEMENT

5.1. Link to Council Lead Policy: Rating

Council’s choice of valuation system for rating purposes and its use of differential rates, targeted rates, and uniform annual general charges are addressed in Council’s Rating Policy.

5.2. Funding of Operating Expenditure

All operating expenditure will be funded each year in accordance with the adopted Annual Plan and Budget

Balanced Budget

In accordance with section 100 of the Local Government Act 2002 Council will set each year’s projected operating revenues at a sufficient level to meet that year’s projected operating expenses, except in limited situations where Council considers it prudent not to do so.

Interest on Reserves

Interest on depreciation reserves and interest on sinking fund reserves will not be used to fund operating expenditure.

Debt Retirement

Operating expenditure does not include debt retirement. For the purposes of clarity, Council will not, unless it is otherwise resolved, fund through rates the retirement of debt except as required by the *Use of Financial Year Surplus or Deficit Policy* or by the *Funding Depreciation and Use of Depreciation Reserves Policy*.

Activity-by-activity

Council’s policy on funding of operating expenditure on an

activity-by-activity basis is covered in [Attachment A](#).

5.3. Funding of Capital Expenditure

Capital expenditure is funded in accordance with the type of expenditure that is incurred i.e.:

- New capital expenditure that is not growth-related;
- Renewals expenditure; or
- Growth-related capital expenditure

For each of these types of expenditure the preferred funding sources, in order of preference, are as follows:

New capital expenditure (not growth-related)

- Other sources first, where available
 - NZTA grants (Transportation only)
 - Asset sales
 - Grants from other organisations, including City Partners
- Borrowing

Renewals expenditure

- Other sources first, where available
- Depreciation reserves
- Borrowing

Growth-related capital expenditure

- Other sources first, where available
- Development contributions/financial contributions
- Borrowing

POLICIES

Capital expenditure is funded over a period that is consistent with the period over which benefits are expected to be provided by the asset resulting from the capital expenditure.

6. RELEVANT DELEGATIONS

The implementation of this policy is delegated to the Chief Executive or his/her delegate.

7. REFERENCES AND RELEVANT LEGISLATION

Local Government Act 2002: Section 101, 102, 103.

Supporting Policies:

- Debt Retirement Funding
- Use of Financial Year Surplus and Deficit
- Funding Depreciation and Use of Depreciation Reserves Development and Financial Contributions
- City Investment Partnerships
- Strategic Property

Attachments:

- A: Funding of Operating Expenditure by Activity

POLICIES

ATTACHMENT A: FUNDING OPERATING EXPENDITURE

ACTIVITY AREA	OUTCOMES	DISCUSSION	FUNDING OPERATING EXPENDITURE
TRANSPORTATION - Rooding	<ul style="list-style-type: none"> • Easy and Safe to Move Around • Vibrant, Healthy & Diverse Communities • Built to Fit our Hills, Harbour & Coast • Strong Sustainable Economy • Living Well Wasting Less 	<p>All residents of, and visitors to, Tauranga benefit from the Rooding activity. Those contributing to the need for this activity include:</p> <ul style="list-style-type: none"> • Vehicle users; • Cyclists; and • Pedestrians 	<ul style="list-style-type: none"> • Where available, operating expenditure will be funded from grants from other organisations, in particular the New Zealand Transport Agency. This is expected to be approximately 25% to 40% of annual operating expenditure. • User fees will be levied where such fees are possible and practicable (for example for road openings, or for developers occupying roads). This revenue is not expected to exceed 5% of total operating expenditure. • To the extent that operating expenditure is fully funded, general rates will fund the balance. This is expected to be approximately 50% to 75% of operating expenditure.
TRANSPORTATION - Parking		<p>All road users benefit from the efficient monitoring and enforcement of parking regulations. Those contributing to the need for this activity include all vehicles parking legally or illegally on Tauranga's roads or in Tauranga's car-parks.</p>	<ul style="list-style-type: none"> • Operating expenditure will be 100% funded by parking fees and fines paid by vehicle-users. Any surpluses or deficits in a particular year will be retained in the activity.
TRANSPORTATION - Route K		<p>Users of Route K benefit from this activity, but so too do users of alternative routes due to the reduced congestion on those roads as a result of some drivers using Route K. Those contributing to the need for this activity are the same as those benefiting.</p>	<ul style="list-style-type: none"> • Operating expenditure will be 100% funded by user fees (tolls). While operating expenditure exceeds such funding sources, loan finance will be used to fund the remaining operating expenditure. The interest and capital relating to such loans will eventually be repaid using toll revenue. • Note that while users of alternative routes receive benefit from Route K, legislation (Tauranga District Council (Route K Toll) Empowering Act 2000) does not permit Council to ensure those users contribute to this activity.
AIRPORT	<ul style="list-style-type: none"> • Easy and Safe to Move Around • Strong Sustainable Economy 	<p>The principal beneficiaries of the Airport activity (and those contributing the need for this activity) are those people who use the Airport as a passenger or for recreational purposes, and those who lease Airport land for business purposes. Benefits also accrue to people and businesses who directly or indirectly use freight services operated through the Airport.</p>	<ul style="list-style-type: none"> • Operating expenditure will be 100% funded by users and occupiers of the Airport. Any surpluses or deficits in a particular year will be retained in the activity.

POLICIES

ATTACHMENT A: FUNDING OPERATING EXPENDITURE

ACTIVITY AREA	OUTCOMES	DISCUSSION	FUNDING OPERATING EXPENDITURE
ARTS & HERITAGE - Art Gallery	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities A Great Place to Grow Up Strong Sustainable Economy 	<p>The principal beneficiaries of the Art Gallery activity (and those contributing to the need for this activity) are those people who access the Art Gallery, either as a visitor or an exhibitor.</p>	<ul style="list-style-type: none"> At least 20% of operating expenditure will be funded from sources other than rates. Council has indicated that it expects the proportion of non-rates funding to increase over time. The methods used to ensure this target is met are at the discretion of the Tauranga Art Gallery Trust. No more than 90% of operating expenditure will be funded by rates.
ARTS & HERITAGE - Arts and Culture Facilitation; Tauranga Museum; Heritage		<p>These activities provide benefits to the general public of Tauranga and the sub-region. There are no specific individuals or groups that contribute to the need for this activity to a greater extent than others.</p> <p>There are no practical opportunities to implement user fees and charges for these activities.</p>	<ul style="list-style-type: none"> Operating expenditure will be funded 100% from rates. <p>Note:</p> <p>For the purposes of clarity, the development and operation of any future museum facility is expected to have a different funding approach to that disclosed above and will therefore require an amendment to this policy.</p>
VENUES & COMMUNITY EVENTS	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities A Great Place to Grow Up Strong Sustainable Economy Living Well, Wasting Less 	<p>The beneficiaries of the Venues and Community Events activity (and those contributing to the need for this activity) include:</p> <ul style="list-style-type: none"> Those holding or attending events at Baycourt; and those holding or attending events or venues that are supported by this activity. 	<ul style="list-style-type: none"> 45% to 55% of operating expenditure will be funded by users of services provided by the activity. This approach recognises the balance between the need for beneficiaries to contribute to costs and Council's desire to ensure facilities and services are accessible to potential users. A discount system operates to help local not-for-profit organisations and youth organisations access the facilities and services provided by this activity. The balance of operating expenditure will be funded by rates.
LIBRARIES	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities A Great Place to Grow Up Actively Involved People 	<p>The principal beneficiaries of the Libraries activity are those people who use the services and facilities provided by the Libraries. Benefits also accrue to the wider community through the availability of the Libraries' resources.</p> <p>Council recognises that there is a significant public benefit accruing from the Libraries activity and that ensuring wide accessibility to the Libraries' resources is very important. Council also recognises that applying direct charges to the Libraries' resources will, in many cases, restrict accessibility to those who currently benefit the most from the activity.</p>	<ul style="list-style-type: none"> Council will seek to maximise revenue from sources other than rates and direct charges on users. Such sources may include sponsorship, grant funding. Council expects that at least 10% of operating expenditure will be funded from sources other than rates in 2009/10. Council expects that no more than 90% of operating expenditure will be funded by rates in 2009/10. In future years Council expects that the proportion of funding from sources other than rates will increase by 2% per annum until it reaches 20%, ie. 12% in 2010/11, 14% in 2011/12, 16% in 2012/13, 18% in 2013/14 and 20% in 2014/15 and thereafter.

POLICIES

ATTACHMENT A: FUNDING OPERATING EXPENDITURE

ACTIVITY AREA	OUTCOMES	DISCUSSION	FUNDING OPERATING EXPENDITURE
INDOOR SPACE & ACTIVE LIVING	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities A Great Place to Grow Up 	<p>The beneficiaries of the Indoor Space and Active Living activity (and those contributing to the need for this activity) include:</p> <ul style="list-style-type: none"> Users of Council's indoor sports facilities; Users of Council's community halls and community centres; Users of services provided by Sport Bay of Plenty on behalf of Council; Those organisations who have community share relationships with Council; and Those individuals and organisations who benefit from Council's facilitation services in regard to sport opportunities. 	<ul style="list-style-type: none"> User fees and charges will fund between 25% and 50% of operating expenditure related to community halls and centres. User fees and charges will fund between 15% and 30% of operating costs related to indoor sports facilities. The balance of operating expenditure incurred by the activity will be funded by rates.
OPEN SPACE	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities A Great Place to Grow Up Built to Fit our Hills, Harbour & Coast Easy and Safe to Move Around Clean, Green Valued Environment 	<ul style="list-style-type: none"> The Open Space activity provides benefits to all residents of the city through, for example, the provision of green space, trees, sports grounds, recreational reserves, walkways and so on. Those contributing to the need for the activity include individuals, community groups, and teams wishing to use outdoor sporting facilities. 	<ul style="list-style-type: none"> The limited opportunities to generate revenue from external users will be actioned. These include recovering costs for the provision of sports surfaces at a higher than local-level standard, camping at McLaren Falls and other similar services. This revenue is not expected to exceed 5% of total operating expenditure. Except as provided for above, all operating expenditure is funded 100% from rates. This recognises the broad public benefit available from this activity.
COMMUNITY PROPERTY SERVICES - Marine	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities A Great Place to Grow Up Strong Sustainable Economy Built to Fit our Hills, Harbour & Coast Clean, Green, Valued Environment 	<ul style="list-style-type: none"> The beneficiaries of the Marine activity (and those creating the need for this activity) include: Commercial and recreational users of wharves, jetties and boat ramps; and Leaseholders of land held by the Marine activity. 	<p>Operating expenditure will be funded 100% by user fees and charges across the whole Marine activity. Within the activity, the following approaches will be taken:</p> <ul style="list-style-type: none"> User fees and charges on commercial users of wharves and jetties will fund 100% of the operating expenditure related to wharves and jetties. Land leases will fund the balance of the activity. <p>Any surpluses or deficits in a particular year will be retained in the activity.</p>

POLICIES

ATTACHMENT A: FUNDING OPERATING EXPENDITURE

ACTIVITY AREA	OUTCOMES	DISCUSSION	FUNDING OPERATING EXPENDITURE
COMMUNITY PROPERTY SERVICES - Beachside Holiday Camp	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities A Great Place to Grow Up Strong Sustainable Economy Built to Fit our Hills, Harbour & Coast 	The beneficiaries of the Beachside Holiday Camp activity (and those creating the need for the activity) are the users of the camp facilities.	<ul style="list-style-type: none"> Operating expenditure will be funded 100% by user fees and charges. Any surpluses or deficits in a particular year will be retained in the activity. Long-term surpluses will be used to fund the maintenance of Mauao annually.
COMMUNITY PROPERTY SERVICES - Tauranga Cemetery and Crematorium	<ul style="list-style-type: none"> Clean, Green, Valued Environment 	The beneficiaries of the Cemetery and Crematorium activity (and those creating the need for the activity) are the families and friends of those using the services of the cemetery and crematorium.	<ul style="list-style-type: none"> Operating expenditure will be funded 100% by user fees and charges. Any surpluses or deficits in a particular year will be retained in the activity.
COMMUNITY PROPERTY SERVICES - Village on 17th Avenue		The beneficiaries of the Village on 17th Avenue activity (and those creating the need for the activity) are the users of the Village.	<ul style="list-style-type: none"> Operating expenditure will be funded 100% by user fees and charges. Any surpluses or deficits in a particular year will be retained in the activity.
AQUATIC	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities A Great Place to Grow Up 	The principal beneficiaries of the Aquatic activity (and those contributing to the need for the activity) are the users of Council's aquatic facilities. Council recognises that there is also a wider public benefit provided by the activity by providing the opportunity for all people to be able to learn to swim.	<ul style="list-style-type: none"> The majority of operating expenditure will be funded through user fees and charges. This proportion is expected to be 60% to 80% of total operating expenditure. The balance of operating expenditure will be funded through rates.
CBD & NEIGHBOURHOOD CENTRE REVITALISATION	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities Strong Sustainable Economy Built to Fit our Hills, Harbour & Coast Easy and Safe to Move Around 	The CBD & Neighbourhood Centre Revitalisation activity plans, designs and implements revitalisation programmes for the city centre and neighbourhood centres. The ultimate beneficiaries of these programmes (and those contributing to the need for this activity) are the people and businesses located in, or visiting, these areas.	<ul style="list-style-type: none"> Where appropriate, operating expenditure is allocated out to the other Council activities that own the assets created in this activity. Except as provided for above, operating expenditure is funded 100% from rates.

POLICIES

ATTACHMENT A: FUNDING OPERATING EXPENDITURE

ACTIVITY AREA	OUTCOMES	DISCUSSION	FUNDING OPERATING EXPENDITURE
ECONOMIC DEVELOPMENT	<ul style="list-style-type: none"> Strong Sustainable Economy Vibrant, Healthy & Diverse Communities A Great Place to Grow Up Easy and Safe to Move Around 	<p>The direct beneficiaries of the Economic Development activity are considered to be the businesses in Tauranga. Indirect benefit accrues to all residents in Tauranga from the direct economic benefits experienced by the business community. Those contributing to the need for this activity include:</p> <ul style="list-style-type: none"> Tourism-related businesses; Export-related businesses; and All other businesses. 	<ul style="list-style-type: none"> All operating expenditure will be funded 100% by rates (being a targeted rate on industrial and commercial ratepayers).
STRATEGIC PROPERTY	<ul style="list-style-type: none"> Strong Sustainable Economy Built to Fit our Hills, Harbour & Coast 	<p>The Strategic Property activity owns land and buildings for investment purposes or strategic purposes. The short-term beneficiaries of the Strategic Property activity are the individuals and organisations renting property from the activity.</p>	<ul style="list-style-type: none"> Operating expenditure will be 100% funded by rental charges on occupants of land and buildings owned by the Strategic Property activity.
ELDER HOUSING	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities 	<p>The beneficiaries of the Elder Housing activity (and those contributing to the need for this activity) are the residents of the elder housing units.</p>	<ul style="list-style-type: none"> Operating expenditure will be 100% funded by rental charges on occupants of the elder housing units. Any surpluses or deficits in a particular year will be retained in the activity.
SOLID WASTE	<ul style="list-style-type: none"> Living Well, Wasting Less Clean, Green Valued Environment Vibrant, Healthy & Diverse Communities 	<p>The principal beneficiaries of the Solid Waste activity are the people and businesses who dispose of waste in the city (and those from outside the city who dispose of waste using Council's facilities).</p> <p>Those contributing to the need for this activity include those beneficiaries identified above, together with those who contribute to litter and illegal dumping in the city.</p>	<ul style="list-style-type: none"> Waste collection and disposal services are 100% funded by user fees and charges. Where possible, waste reduction services are funded by grants from other organisations. This is not expected to exceed 5% of total operating costs. The remainder of waste reduction services, including education in schools, has a significant public good benefit and is funded by rates. Recycling facilities provided at Council's transfer stations and litter collection across the city are both funded 100% by rates. Where possible, costs related to abandoned cars and "fly-tipping" are recovered from those contributing to those costs. Costs not able to be recovered in such a way are funded from rates.
STORMWATER	<ul style="list-style-type: none"> Clean, Green Valued Environment Vibrant, Healthy & Diverse Communities Built to Fit our Hills, Harbour & Coast Living Well, Wasting Less 	<p>The beneficiaries of the Stormwater activity include all people and businesses in the city who would be adversely affected if stormwater was not managed appropriately. Those contributing to the need for the activity (to a greater extent than other businesses and residents) include those contributing pollution to the stormwater network and those buildings that impact on over-land stormwater flows.</p>	<ul style="list-style-type: none"> Any opportunities to generate revenue from external users will be taken. This revenue is not expected to exceed 5% of total operating expenditure. Except as provided for above, all operating expenditure is funded 100% from rates.

POLICIES

ATTACHMENT A: FUNDING OPERATING EXPENDITURE

ACTIVITY AREA	OUTCOMES	DISCUSSION	FUNDING OPERATING EXPENDITURE
WASTEWATER	<ul style="list-style-type: none"> • Clean, Green Valued Environment • Built to Fit our Hills, Harbour & Coast • Vibrant, Healthy & Diverse Communities • Living Well, Wasting Less 	<p>The beneficiaries of the Wastewater activity include all people and businesses in the city who are connected to Council's wastewater system. Those contributing to the need for the activity (to a greater extent than other businesses and residents) include those contributing pollution to the wastewater network and those businesses that generate trade waste (as defined by Council's Trade Waste Bylaw).</p>	<ul style="list-style-type: none"> • Any opportunities to generate revenue from external users (principally Trade Waste activities) will be taken. This revenue is not expected to exceed 5% of total operating expenditure. • Except as provided for above, all operating expenditure is funded 100% by rates (uniform annual charge). • Any surpluses or deficits in a particular year will be retained in the activity.
WATER SUPPLY	<ul style="list-style-type: none"> • Clean, Green Valued Environment • Built to Fit our Hills, Harbour & Coast • Vibrant, Healthy & Diverse Communities • Living Well, Wasting Less 	<p>The beneficiaries of the Water Supply activity (and those who contribute to the need for this activity) include all people and businesses in the city who are connected to Council's water supply system.</p>	<ul style="list-style-type: none"> • Operating expenditure will be funded 100% by rates on water users (including water-by-meter charges). • Any surpluses or deficits in a particular year will be retained in the activity.
ENVIRONMENTAL POLICY	<ul style="list-style-type: none"> • Built to Fit our Hills, Harbour & Coast • Clean, Green Valued Environment • Vibrant, Healthy & Diverse Communities • A Great Place to Grow Up • Strong Sustainable Economy • Easy and Safe to Move Around 	<p>The beneficiaries of the Environmental Policy activity include all people and businesses in the city. Those contributing to the need for the activity (to a greater extent than other businesses and residents) include:</p> <ul style="list-style-type: none"> • Those requesting private changes to the District Plan; and • Those applications for resource consent that require the skills and experience of the Environmental Policy activity during the assessment of that application. 	<ul style="list-style-type: none"> • Any opportunities to generate revenue from external users are taken. This revenue is not expected to exceed 5% of total operating expenditure. • Except as provided for above, all operating expenditure is funded 100% from general rates.
BUILDING SERVICES	<ul style="list-style-type: none"> • Built to Fit our Hills, Harbour & Coast 	<p>The principal beneficiaries of the Building Services activity (and those contributing to the need for this activity) are those who make applications for building consents. Other beneficiaries include those who benefit from the correct application of the building rules (for example, neighbours).</p>	<ul style="list-style-type: none"> • Operating expenditure is funded 100% from user fees and charges. • Any surpluses or deficits in a particular year will be retained in the activity.

POLICIES

ATTACHMENT A: FUNDING OPERATING EXPENDITURE

ACTIVITY AREA	OUTCOMES	DISCUSSION	FUNDING OPERATING EXPENDITURE
ENVIRONMENTAL PLANNING	<ul style="list-style-type: none"> Built to Fit our Hills, Harbour & Coast Clean, Green Valued Environment Easy and Safe to Move Around 	<p>Beneficiaries of the Environmental Planning activity include:</p> <ul style="list-style-type: none"> Applicants for resource consent Those in support or opposition to specific resource consent applications Those who seek to access general or specific information relating to planning issues Those who benefit from the monitoring of resource consent conditions Those who value the built form of the city <p>Those who contribute to the need for this activity include those who apply for, or who have been granted, resource consents or designations.</p>	<p>All aspects of the Environmental Planning activity that provide a direct benefit to identifiable individuals will (to the extent that is permitted under the relevant legislation) be recovered from those users. This source of funding is expected to be 45% to 65% of total operating expenditure. These aspects include, but are not limited to:</p> <ul style="list-style-type: none"> Applications for resource consents and designations Providing specific information to an applicant prior to an application being received Assessing resource consent applications against the requirements of the Development Contributions Policy Monitoring resource consent conditions <p>Except as provided for above, operating expenditure will be funded from rates.</p>
ENVIRONMENTAL COMPLIANCE & MONITORING	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities Built to Fit our Hills Harbour & Coast Clean, Green Valued Environment A Great Place to Grow Up 	<p>The beneficiaries of the Environmental Compliance & Monitoring activity include all residents and businesses who:</p> <ul style="list-style-type: none"> Operate or frequent premises with a liquor licence; and/or Operate or frequent premises that sell food; and/or Operate or frequent gambling venues, brothels or mobile shops; and/or Seek protection under Council's bylaws (which cover issues of public health, public safety, public nuisance, or offensive behaviour in public places). <p>Those contributing to the need for this activity include:</p> <ul style="list-style-type: none"> Operators of premises that require licensing and/or monitoring; and Those who breach (or who complain about alleged breaches) of Council's bylaws. 	<ul style="list-style-type: none"> To the extent permitted by legislation (Sale of Liquor Act 1989), operating expenditure related to liquor licensing is recovered from those individuals and businesses applying for liquor licenses. Due to the constraints of the legislation, it is expected that the proportion recovered from user fees will be between 50% and 75%. All operating expenditure relating to food hygiene monitoring is recovered from user fees and charges. For all other activities, any opportunities to generate revenue from external users are taken. This revenue is not expected to exceed 5% of total operating expenditure. The balance of operating expenditure is funded from rates. For the whole activity, this is expected to be between 70% and 80%.

POLICIES

ATTACHMENT A: FUNDING OPERATING EXPENDITURE

ACTIVITY AREA	OUTCOMES	DISCUSSION	FUNDING OPERATING EXPENDITURE
ANIMAL SERVICES	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities 	<p>Principal beneficiaries of the Animal Services activity are dog owners. Secondary beneficiaries are the general public who benefit from the work of the Animal Services activity in making the city safer from dangerous dogs and in reducing the public nuisance caused by dogs.</p> <p>Those contributing to the need for this activity include:</p> <ul style="list-style-type: none"> All dog owners Owners of dangerous dogs, roaming dogs and dogs that are a public nuisance (for instance through barking). <p>The activity also conducts a small amount of work related to stock control. By law (Dog Control Act 1996) this cannot be funded from dog licence fees.</p>	<ul style="list-style-type: none"> 80% to 85% of operating expenditure related to dogs will be funded through a combination of dog licence fees and fines and reparations awarded by the court. No more than 20% of operating expenditure related to dogs will be funded by general rates. This recognises the benefit provided to the public through the activity's work on unregistered dogs (which statistically require more resources than registered dogs) All operating expenditure related to stock control will be funded by general rates. Any surpluses or deficits in a particular year will be retained in the activity.
CIVIL DEFENCE & EMERGENCY MANAGEMENT	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities Strong Sustainable Economy Actively Involved People 	<p>The beneficiaries of this activity are, in the event of a Civil Defence emergency, all residents and businesses affected by that emergency. There are no identifiable contributors to the need for this activity.</p>	<ul style="list-style-type: none"> Operating expenditure is funded 100% from rates.
CUSTOMER SERVICE CENTRE	<ul style="list-style-type: none"> Actively Involved People Vibrant, Healthy & Diverse Communities 	<p>The beneficiaries of the Customer Service Centre activity (and those who contribute to the need for this activity) include all people and businesses who access Council's services and information by telephone, e-mail, via the internet, or through the customer service centres.</p>	<ul style="list-style-type: none"> Any opportunities to generate revenue from external users are taken. This revenue is not expected to exceed 10% of total operating expenditure. Except as provided for above, all operating expenditure is allocated out to the other Council activities that benefit from these activities.
SUPPORT SERVICES - Business Solutions; Business Information; Finance, Legal & Risk Management; Human Resources; Property Consultancy	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities A Great Place to Grow Up Easy and Safe to Move Around Clean, Green Valued Environment Built to Fit our Hills Harbour & Coast Strong Sustainable Economy Living Well, Wasting Less Actively Involved People 	<p>These activities predominantly provide services to the rest of the organisation.</p>	<ul style="list-style-type: none"> In all cases, opportunities to generate revenue from external users are taken where it is reasonable and practical to charge direct customers. This revenue is not expected to exceed 5% of total operating expenditure, except for Business Information where revenue is not expected to exceed 25% of total operating expenditure. Except as provided for above, all operating expenditure is allocated out to the other Council activities that benefit from these activities.

POLICIES

ATTACHMENT A: FUNDING OPERATING EXPENDITURE

ACTIVITY AREA	OUTCOMES	DISCUSSION	FUNDING OPERATING EXPENDITURE
SUPPORT SERVICES - Communications; Strategic Planning and Relationships	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities A Great Place to Grow Up Easy and Safe to Move Around Clean, Green Valued Environment Built to Fit our Hills Harbour & Coast Strong Sustainable Economy 	<p>These activities support the organisation to provide services to the Tauranga community. The beneficiaries (and those who contribute to the need for these activities) are the beneficiaries of the other activities that are supported by these activities.</p>	<ul style="list-style-type: none"> In each case, opportunities to generate revenue from external users are taken where it is reasonable and practical to charge direct customers. This revenue is not expected to exceed 5% of total operating expenditure. Except as provided for above, all operating expenditure is funded 100% from general rates.
SUPPORT SERVICES - City Development	<ul style="list-style-type: none"> Living Well, Wasting Less Actively Involved People 	<p>The beneficiaries of the City Development activity (and those who contribute to the need for this activity) include:</p> <ul style="list-style-type: none"> Those people or organisations applying for, or implementing, resource consents Those people or organisations using or storing hazardous substances or occupying land where hazardous substances may have been used in the past Other departments of Council who use information maintained by City Development or who rely on City Development to monitor the development of quality assets to be vested in Council Other agencies who use information collated by this activity (for example, Environment Bay of Plenty and the Department of Labour) The general public with regard to development of safe landforms and quality assets in the city 	<ul style="list-style-type: none"> Where practicable, costs are recovered from external customers. This is expected to be between 30% and 50% of total operating expenditure. Costs directly attributable to other Council activities are recovered from those activities. This is expected to be between 30% and 50% of total operating expenditure. Remaining costs, particularly those relating to customer service and information management functions, are funded by rates. This is expected to be 20% to 30% of total operating expenditure.
DEMOCRACY & CIVIC SERVICES	<ul style="list-style-type: none"> Vibrant, Healthy & Diverse Communities A Great Place to Grow Up Strong Sustainable Economy Actively Involved People 	<p>The beneficiaries of the Democracy & Civic Services activity (and those who contribute to the need for this activity) include all people and businesses in Tauranga.</p>	<ul style="list-style-type: none"> Any opportunities to generate revenue from external users are taken. This revenue is not expected to exceed 5% of total operating expenditure. Operating expenditure is funded 100% from rates.

POLICIES

COUNCIL SUPPORTING POLICY

POLICY TITLE:

FUNDING DEPRECIATION AND USE OF DEPRECIATION RESERVES

LEAD POLICY: REVENUE AND FINANCING POLICY

1. POLICY OBJECTIVES

- To determine the extent to which Council funds depreciation expenditure.
- To determine the uses of depreciation reserves.

2. PRINCIPLES

Council must manage its financial dealings prudently and in a manner that promotes the current and future interests of the community.

Council needs to appropriately fund the economic use of its assets.

Council should match the cost of delivering its services with the appropriate revenue sources.

Council's funding of depreciation and its use of depreciation reserves must comply with Generally Accepted Accounting Practice (GAAP).

Those who benefit from the existence and/or use of an asset should contribute to the costs.

3. DEFINITIONS

Depreciation is the measure of the consumption of the economic benefits embodied in an asset whether arising from use, the passing of time or obsolescence.

Depreciation Reserves are the accumulated funds retained by each activity from the depreciation which is funded each financial year, less any outgoings to pay for capital renewal of assets or debt repayment.

New Capital Expenditure is the expenditure incurred to bring an asset to its working condition for its intended use. It also includes works which upgrade and enhance a significant expenditure component of an asset restoring it beyond its original design capacity and/or estimated life.

Renewal Capital Expenditure comprises of works which upgrade and enhance a significant component of the asset, restoring it to its original size, capacity and condition.

4. BACKGROUND

Depreciation

Depreciation is calculated on all Council's fixed assets excluding land. Depreciation is an operating expense recorded in Council's financial statements. Council raises revenue (from rates, user charges, or other sources) to fund its operating expenses including depreciation, as required under the Local Government Act (S.100).

Depreciation Reserves

Within each of Council's activities, revenue is raised to fund the depreciation expense, and the money is transferred to a depreciation reserve for that activity.

These reserves are used to fund the replacement of

existing assets at the end of their useful lives. When an asset is replaced (that is, it is not a new asset), it is described as renewal capital expenditure. New capital is almost always funded by loans, but there are many instances where an asset purchase is a mixture of renewal and new capital expenditure.

These reserves are also used to repay debt.

Fully Funding Depreciation

In certain circumstances the effect of fully funding depreciation may result in current ratepayers bearing a funding obligation that could be argued is not entirely fair and equitable. Such circumstances include:

- Where assets have a very long useful life,
- Where assets are relatively young and in good condition, and
- Where major draw-downs against depreciation reserves to fund the renewal of assets are not anticipated.

In these circumstances, fully funding the depreciation expense will result in depreciation reserves accumulating over time. The interest that is earned on the accumulated reserves can then be used to offset the need to fund depreciation in later years.

In order to mitigate this effect, policy has been designed to fund internal debt retirement from depreciation reserves. Further mitigation is also achieved by discounting depreciation for certain activities.

Discounting of Depreciation Funding

Discounting depreciation funding recognises the future interest revenue earned by the depreciation reserve balance that will accumulate under the above

POLICIES

circumstances where assets have very long asset lives. The funding requirement in early years is adjusted downwards so that current ratepayers are not disadvantaged compared to future ratepayers. This results in improved inter-generational equity.

Discounting depreciation funding reduces the extent to which operational expenditure needs to be funded. However, the reduced revenue stream means that Council will have reduced internal funding sources and therefore will have increased external borrowing requirements.

Vested Assets

When a subdivision development is completed and a compliance certificate issued, infrastructure assets contained in the subdivision are vested to Council by the developer. Council owns the asset and hence must fund the depreciation on these assets.

5. POLICY STATEMENT

5.1. Funding Depreciation

Council will, in each financial year, fully fund depreciation to the extent of the LTCCP/Annual Plan and Budget to recognise the consumption of economic benefits embodied in the asset, except where discounting occurs.

Council may discount the funding of depreciation if the Group Manager: Business Services considers it appropriate having considered:

- The remaining asset lives;
- Condition of the assets;
- Extent of existing depreciation reserves.

Where the funding of depreciation is discounted, Council

will make up the funding shortfall for the activity from future interest earned on depreciation reserves.

Council recognises that it will have to carefully manage depreciation reserves for activities where discounting has occurred to ensure that the level of discounting is appropriate.

The source of an asset is not relevant when considering the funding of depreciation. Vested assets will therefore be treated the same as any other Council-owned asset.

5.2. Use of Depreciation Reserves

Revenue collected to fund depreciation will be retained by the activity and utilised to:

- fully fund the replacement of existing assets at the end of their useful lives, and/or
- repay debt (in accordance with the Debt Retirement Support Policy).

Council will *generally* maintain sufficient balance in each activity's depreciation reserve to allow the replacement of the activity's assets.

In determining what constitutes a 'sufficient balance' for an activity, Council will consider:

- the total value of the activity's fixed assets,
- the mix of assets held by the activity, and
- the projected useful lives of those assets.

Balances held in depreciation reserves will earn or pay interest which will be paid into or deducted from the reserve on a monthly basis.

Depreciation reserves may be permitted to become

overdrawn, but only if:

- the depreciation reserves will be overdrawn for a short period (3 years); and
- there is strong evidence the reserve will be returned to and maintained at a positive position thereafter.

At any particular point in time, balances held in depreciation reserves do not need to be supported by actual cash reserves. Balances held in depreciation reserves may be loaned to other Council activities (refer to the Treasury Policy).

Where the depreciation reserves of an activity have been fully utilised, Council will use external borrowing to fund any remaining loan requirements for renewal capital expenditure.

6. RELEVANT DELEGATIONS

The Group Manager: Business Services has delegated authority to assess when discounting of depreciation funding should occur.

The Chief Executive has delegated authority to implement this policy, but may sub-delegate any aspect to the Group Manager: Business Services.

7. REFERENCES AND RELEVANT LEGISLATION

Treasury Lead Policy.

Debt Retirement Supporting Policy.

POLICIES

COUNCIL SUPPORTING POLICY

POLICY TITLE:

DEBT RETIREMENT FUNDING

LEAD POLICY: REVENUE AND FINANCING POLICY

1. POLICY OBJECTIVES

- To guide the process used to manage internal debt retirement throughout the activities of Council.

2. PRINCIPLES

Council should ensure prudent financial management of its resources.

Ratepayers and users of council's services in any financial year should be treated fairly.

3. DEFINITIONS

Debt retirement is the repayment of internal loan balances applicable to each of Council's activities.

General Rate Funded Activity is an activity of Council that receives General Rates Revenue funding.

Self-funded activity is an activity of Council that receives no General Rate Revenue funding.

Sinking funds are investments established as a requirement of the Local Authority Loans Act 1956 to facilitate external debt repayment. They are not required

for loans made after 1998 when the Loans Act 1956 was repealed.

4. BACKGROUND

Local Authorities Loans Act 1956

Under the Local Authorities Loans Act 1956 the repayment of debt is determined by sinking fund schedules. Sinking fund payments are made each year on each loan with interest added to the sinking fund reserve. On maturity of the principal amount, a sinking fund withdrawal covers most of the amount owed by Council. While the Local Authorities Loans Act has been repealed, loans raised under that Act remain subject to it.

5. POLICY STATEMENT

5.1. Debt Raised Under the Local Authorities Loans Act 1956 – All Activities

Council will make annual payments into sinking funds, according to sinking fund schedules established when the loan was raised.

On maturity of the loan, monies held in the sinking funds will be used to repay the loan.

Where there is a shortfall between the value of the loan and the value of monies held in the sinking fund, the remainder of the loan will be refinanced and repaid in accordance with section 5.2 below.

Where sufficient reserves are available sinking fund payments will be funded from depreciation reserves.

5.2. General Rate Funded Activities Debt

(other than Local Authorities Loans Act 1956 Debt)

Council will repay a percentage of each activity's non growth related debt each year. The percentage for each activity is related to the average life expectancy of assets owned by the activity, and is detailed in Appendix A. For practical and prudence reasons, the debt retirement rate will be a minimum of 4% (equates to 25%) except in the following circumstances:

- Depreciation reserves are insufficient to allow debt retirement to occur;
- Ratio between the value of the activity's fixed asset total and the current depreciation reserves is unfavourable.

Council will use depreciation reserves to meet the repayments required above, in accordance with the Funding Depreciation and Use of Depreciation Reserves supporting policy.

5.3. Self-funded Activities

Where a self-funded activity produces a year-end surplus, Council will consider using this surplus to repay internal debt specific to that activity and secondly to reduce external debt specific to that activity in the first instance. Matters to be taken into consideration include:

- the debt and cash profile of the activity
- the projected operating expenditure of the activity, and
- the projected operating revenue of the activity.

POLICIES

5.4. Debt Funding Growth

Council will apply revenue from development contributions to retire growth related debt.

6. RELEVANT DELEGATIONS

The Group Manager: Business Services has delegated authority to implement this policy.

7. REFERENCES AND RELEVANT LEGISLATION

Local Government Act 2002

Local Authorities Loans Act 1956 (repealed)

Treasury Policy

Use of Financial Year Surplus and Deficit Supporting Policy

Funding Depreciation and Use of Depreciation Reserves Supporting Policy

DEBT RETIREMENT FUNDING POLICY

ACTIVITY	POLICY
DELIVERY ACTIVITIES	
Customer Service Centre	4%
Arts and Heritage	4%
Libraries	4%
Indoor Space and Active Living	2%
Open Space	4%
Venue and Events	4%
Aquatics	4%
CBD and Neighbourhood Centre Revitalisation	4%
Economic Development	0%
Transportation	4%
Airport	0%
Solid Waste	0%
Stormwater	2%
Wastewater	4%
Water Supply	2%
Animal Services	4%
Strategic Property	0%
Elder Housing	4%
Environmental Policy	4%
Environmental Planning	4%
Building Services	4%
Environmental Compliance and Monitoring	4%
Civil Defence and Emergency Management	4%
Community Property Services	4%
SUPPORT ACTIVITIES	
Business Solutions	10%
Communications	10%
City Development	4%
Finance, Legal and Risk Management	20%
Human Resources	20%
Business Information	4%
Property Consultancy	4%
Strategic Planning and Relationships	20%
DEMOCRACY AND CIVIC ACTIVITY	
Democracy and Civic Services	20%

POLICIES

COUNCIL SUPPORTING POLICY

POLICY TITLE:

USE OF FINANCIAL YEAR SURPLUS OR DEFICIT

LEAD POLICY: REVENUE AND FINANCING POLICY

1. POLICY OBJECTIVES

To provide a consistent approach to the utilisation of a financial surplus or deficit which arise during a financial year.

2. PRINCIPLES

Council should ensure prudent financial management of its resources.

Ratepayers and users of Council's services in any financial year should be treated fairly.

3. DEFINITIONS

Actual Deficit arises at the end of a financial year where the expenditure required to provide Council services exceeds the revenue received from ratepayers and users of those services.

Actual Surplus arises at the end of a financial year where the revenue received from ratepayers and users of Council's services exceeds the expenditure required to provide these services. An actual surplus can only be determined upon completion of Council's audited financial statements.

Corporate Treasury surplus/deficit All surpluses and deficits on activities that are not self-funded are aggregated. This aggregated surplus or deficit is referred to as the Corporate Treasury surplus or Corporate Treasury deficit as appropriate.

Debt retirement charge is revenue collected by way of the general rate to be used to retire debt and to manage the level of financial reserves necessary for emergency events.

General Rate Funded Activity is an activity of Council that receives General Rates revenue funding.

Projected Surplus arises where Council's best estimate of its financial transactions shows that an actual surplus is likely to occur at the end of a financial year. In calculating a projected surplus, a large degree of forecasting of future events is required and hence projected surpluses are very uncertain.

Self-funded activity is an activity of Council that receives no General Rates funding.

- **Year 1** The financial year in which a surplus or deficit is generated.
- **Year 2** The financial year following year 1, being the budget year.
- **Year 3** The financial year following the budget year.

4. BACKGROUND

It is prudent for Council to have a clear approach regarding the use of a year end surplus or deficit.

Legislative Requirement

Section 100(1) of the Local Government Act 2002 requires that Council "*must ensure that each year's projected*

operating revenues are set at a level sufficient to meet that year's projected operating expenses".

Determination of Funding Level

Council, when approving the Annual Plan & Budget/LTCCP, strikes a rate and Uniform Annual Charge and approves a level of fees and charges which are predicted to be adequate to fund the next financial year's budgeted expenditure. Council must have a balanced budget as required by Section 100(1) of the Local Government Act 2002.

Why Surpluses Might Arise

As with all budgeting processes, there are occasions when the actual result differs from that which is projected or planned.

It is not Council's intention to over-collect rates revenue, but by the nature of the work programmed in the Annual Plan and Budget/LTCCP, for example property acquisitions, consent processes and non-controllable issues, there are delays or deferrals which occur each year. This has an impact on both capital expenditure programmes and operational expenditure levels.

Timing

Timing is a critical element when attempting to meet the obligations described above and in particular prudent financial management. Council adopts an Annual Plan & Budget or LTCCP in May of each year, but is not able to finalise the actual surplus or deficit number for the financial year (Year 1) until later in Year 2, usually September. A large degree of forecasting is required to identify the projected surplus or deficit to be used for Year 2.

This is illustrated in Table 1 following:

POLICIES

Summary timeline (Table 1):

July	Year 1 starts	
May	Year 2 budget set	Year 1 <u>projected</u> surplus/deficit may be available
June	Year 1 ends	
July	Year 2 starts	
September	Actual surplus/deficit for year 1 known	Year 1 actual surplus/deficit will be available

5. POLICY STATEMENT

5.1. Self Funded Activities

The surpluses or deficits which may be realised in self funded activities will be retained by that activity and included in its closing financial year cash position.

5.2. General Rate Funded Activities

Unless otherwise directed by Council the surpluses or deficits which may be realised in general rate funded activities will be applied to repay / increase debt.

Council has from 1st July 2009 committed to a course of actions to ensure the Council is financially sustainable throughout the period of the 2009/19 Ten Year Plan. This revenue is specifically collected by way of the general rate and will be entirely used to retire debt and maintain emergency financial reserves. It does not form part of the calculation of the surplus/deficit amount in 5.2.2. or Diagram 1.

If Council resolves to return surplus/deficit amounts to ratepayers for General Rate funded activities this will be achieved as specified below:

- 1) If the actual or projected surplus is less than \$500,000 Council will repay debt.
- 2) If the projected surplus exceeds \$500,000 Council may, by resolution:
 - a. Repay debt to the extent of the actual surplus; or
 - b. Repay debt by an amount no less than \$500,000 and either:
 - i. Reduce general rate revenue required in the next budget financial year (Year 2) to the extent of the amount of general rate revenue received in the budget year (Year 1) to fund debt servicing and depreciation on the capital expenditure planned, but not completed by the year end (This could be ascertained in the available timeframe but would exclude other operational expenditure funded by general rate revenue); or
 - ii. Reduce/increase debt in the following financial year (Year 3) by the amount of the actual surplus/deficit, when the amount can be clearly ascertained and independently audited; or
 - iii. Reduce/increase general rate revenue in the following financial year (Year 3) by the amount of the actual surplus/deficit, when the amount can be clearly ascertained and independently audited; or
 - iv. A combination of (i), (ii) and (iii)

The policy is summarised in Diagram 1 (right):

6. RELEVANT DELEGATIONS

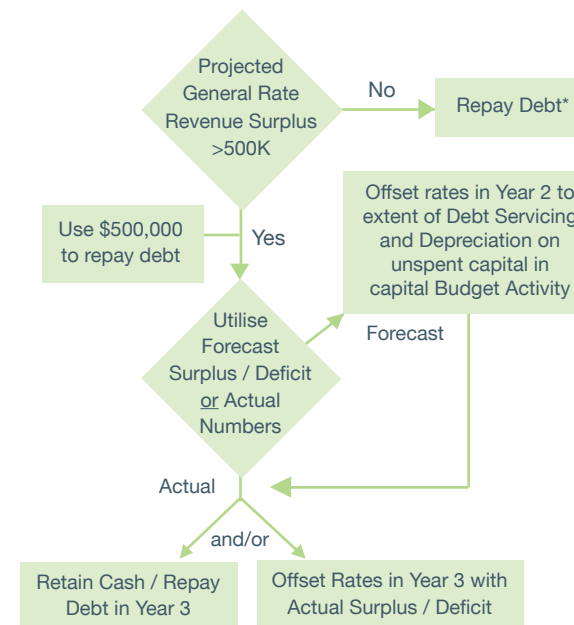
This policy is delegated to the Chief Executive, apart from General Rates Funded Activities (5.2 of the policy) which is at Council's discretion.

7. REFERENCES AND RELEVANT LEGISLATION

Treasury Lead Policy.

Debt Retirement Supporting Policy.

DIAGRAM 1: POLICY FLOWCHART



* Present practice to reduce debt levels.

Any debt repayment approved under this policy will be undertaken in accordance with the Debt Retirement supporting policy.

POLICIES

COUNCIL SUPPORTING POLICY

POLICY TITLE:

CITY PARTNERSHIP PROGRAMME

LEAD POLICY: REVENUE AND FINANCING POLICY

1. POLICY OBJECTIVES

- Develop effective relationships with leading community organisations, corporates and individuals
- Fair and achievable funding of community projects
- Provide opportunity for community to contribute to community projects
- Identify Council's role in leading and funding community projects.

2. PRINCIPLES

Council recognises there are people/organisations within the community who wish to contribute to community projects.

Contributions should be based on reason and ability to give i.e. fair share giving by investment partners and Council.

Council recognises it has various roles in the development of facilities and amenities in the city and sub region.

3. DEFINITIONS

City Partnership Programme is a schedule of community projects for which one of the funding sources is secured by Council through an agreement under this City Partnership Programme Policy.

Community Projects are projects identified by Council to acquire, construct or develop reserves or community infrastructure and includes programmes that add benefit to the sub-region.

4. BACKGROUND

Tauranga is a fast growing city with projections for a doubling of population within the next 50 years. Council's key strategic documents Smartgrowth and Tauranga Tomorrow identify the requirements for more and larger community facilities to meet the changing and growing needs. Reliance on traditional funding sources alone will be insufficient to fund the investment needed.

There are a number of organisations and individuals within the community who wish to contribute to the development and vibrancy of the City. The City Partnership Programme Policy provides an opportunity for such contribution to occur in a mutually beneficial manner.

5. POLICY STATEMENT

5.1 Project Identification and Selection

Strategies, implementation plans and the Long Term Council Community Plan (LTCCP) processes define those projects and initiatives to be pursued to achieve community outcomes.

A project must have strategic fit or be in Council's LTCCP to be considered for inclusion in the City Partnership Programme.

Once a project has been identified a 3 step process will apply:

Step 1: Assessment of Project

Step 2: Role of Council

Step 3: Priority of Project

5.1.1 Step 1 - When a project will be included

A project will only be included in the City Partnership Programme where it is assessed that:

- (a) It is the "right project in the right place"; and
- (b) There is adequate and appropriate capability and capacity to both undertake the project and ensure the project continues to meet community needs over the longer term.

In assessing whether it is the "right project in the right place" consideration will be given to whether the project:

- Meets a clearly identified need;
- Is fit for purpose;
- Is the best overall solution to meet defined need;
- Complements (including being part of a larger network) and doesn't duplicate existing facilities or networks.

In assessing whether there is adequate capability and capacity consideration will be given to:

POLICIES

- Extent of institutional readiness of the organisation leading the project;
- Appropriateness of governance;
- Level of stakeholder support;
- Ongoing operational feasibility including operational funding and appropriateness of ongoing operational management arrangements;
- Completeness and reliability of project budget; and
- Clarity and achievability of funding sources and levels.

5.1.2 Step 2 - Role

For each potential project on the City Partnership Programme Council will identify its role as either:

- (a) Lead – responsible for initiating, leading, partially or fully funding and delivering the project; or
- (b) Support – assisting a lead agency to deliver the project by funding and/or other means (e.g. advocacy and facilitation); or
- (c) Awareness – raise community awareness about the project; or
- (d) None

5.1.3 Step 3 - Prioritisation

Council will prioritise projects where it has identified a lead or support role under 5.1.2 and will take into account:

- Defined Community Outcomes;
- Extent of community need and degree of strategic fit;
- Nature and quantum of the funding opportunity;

- Leadership opportunity and expressed willingness of a party/parties to lead a project;
- Overall affordability of the City Partnership Programme.

5.2 Funders

5.2.1 Identification of potential funders

In identifying potential funders Council will consider:

- Key community organisations;
- Organisations with a strong relationship / "fit" with Council business;
- Current community funders with purposes consistent with community enhancement;
- Government and other Local Government Authorities;
- User groups and individuals;
- Corporates and gaming trusts;
- Key education organisations;
- Iwi;
- Commercial investors;
- International investors;
- Others.

5.2.2 Funder type and project fit

- (a) Council and funder/s will agree appropriate projects by taking into account:
 - Commonality of purpose;
 - Project alignment and geographic relevance;

- Ability to contribute; fair share;
 - Project inter-relationships.
- (b) Council and funder/s will agree on appropriate funding mechanism. Possible mechanisms may include:
 - Grant
 - Loan
 - Sponsorship
 - Bequest/endowment
 - Donation
 - Contract for services
 - Investment.
 - (c) Council and funder/s will agree on the levels and terms of contribution.
 - (d) Council and potential funder/s will discuss:
 - existing funding arrangements the funder may have in community projects or initiatives; and
 - the potential for the proposed funding arrangement with Council to compromise the existing community funding arrangements.

5.2.3 Funding agreement

A written agreement will generally be entered into which details:

- The reasons for the contribution
- Project Association(s)
- Level, type and term of contribution

POLICIES

- Benefits to funder
- Payment terms
- Areas of interest/skill of the funder
- Relationship Manager/s
- Where appropriate a statement to the effect that the funding investment being made under this policy is not replacing the level of community funding that the City Partnership Programme partner is currently contributing to.

Council reserves the right not to enter into a funding agreement with any potential funder.

5.3 Delivery

5.3.1 Role of the relationship Manager

Relationship Managers should be appointed by both Tauranga City Council and the funder. The primary role of the Relationship Manager is to:

- Maintain regular communication (monthly and quarterly meetings/reviews); and
- Ensure 'people connections' are at appropriate levels within each organisation; and
- Identify and address issues/opportunities within each organisation; and
- Work on a 'no surprises' basis sharing information freely as appropriate; and
- Reconcile business and financial flows; and
- Ensure obligations regarding benefits to Tauranga City Council and the funder are delivered / met; and
- Explore opportunities for greater synergy between

Tauranga City Council and the funder.

5.3.2 Promotions and communication

An annual communications / involvement plan will be prepared by the City Partnership Manager which ensures:

- Greater understanding by both Council and the community of the funders functions and areas of interest; and
- Frequent and effective contact between the funder and Council; and
- The profile of the funder is developed both within the community and within Council; and
- Early communication of Council planning and activities to be undertaken to ensure there are "no surprises".

5.3.3 Supplier and contract issues

Council's Procurement Policy specifies those circumstances under which Council must procure using a tender process. Where a tender process is not required Section 5.2 'Open and Fair Competition' requirements of the Procurement Policy will apply.

Where Council seeks to procure using the tender process, funders under the City Partnership Programme Policy will be advised of the tender opportunity where the procurement relates to their area of business.

5.4 Monitor and Report

The City Partnership Manager will report annually to

the Chief Executive on progress of the City Partnership Programme.

5.5 Delegations

The Chief Executive has the authority to enter into the Funder Agreement and approve the annual communications/involvement plan.

The City Partnership Manager is responsible for implementing this policy.

5.6 Relevant References

Procurement Policy

Sponsorship from Corporates and Others Policy

POLICIES

COUNCIL SUPPORTING POLICY

POLICY TITLE:

RATING

1. POLICY OBJECTIVES

To have a rating system which:

- Spreads the incidence of rates as fairly as possible, and
- Provides sufficient revenue to cover costs, and
- Complies with relevant legislation.

2. PRINCIPLES

General rates are a mechanism which reflect principles of public benefit. The general rating system should be as fair and equitable as possible to all ratepayers and in general reflects the use of the property. The system should be transparent to the ratepayer and promote accountability.

3. DEFINITIONS

Commercial means a rating unit whose permitted activity in the Tauranga District Plan is commercial, industrial or Port related.

Differential Targeted Rate means different rates in the dollar are set for different categories of rating units.

General rate is a rate that the local authority sets for the general purposes of the local authority.

Independent residence means a self contained dwelling

comprising of separate cooking facilities; separate living facilities; separate entrance; and separate toilet and bathroom facilities.

Capital value rating system is the method of rating where the rateable value is based on the market value of land plus improvements.

Maximum Uniform Annual General Charge is 30% of the total rates revenue (as per the Local Government (Rating) Act 2002).

Rate includes a General Rate, Targeted Rates, a Uniform Annual General Charge and penalties set in accordance with the Local Government (Rating) Act 2002.

Ratepayer is the person or persons identified in Council's rating information database as the person who is liable for rates – generally that person is the owner of the rating unit.

Rating unit is defined in the Rating Valuations Act 1998. It is the block of land which attracts the liability for rates. The main criteria is the existence of a separate certificate of title.

Residential means a rating unit that has permitted activity status in the Tauranga District Plan as residential, rural or conservation.

Separately used or inhabited - for a commercial rating unit means a building or part of a building that is, or intended to be, separately tenanted, leased or subleased for commercial purposes.

Separately used or inhabited - for a residential rating unit:

includes a building or part of a building that is, or is intended to be used as, an independent residence, including apartments, semi-detached or detached houses,

units, town houses, caravans (where used as a place of residence, or occupied for a period of time exceeding six months in a calendar year);

but excludes premises, or parts thereof complying with the visitor accommodation provisions of the Tauranga District Plan or with resource consent to operate as visitor accommodation, except where those parts have independent ownership and comprise separate rating units.

Targeted rate is a rate set to fund a specific activity. A Targeted rate can be set on all rating units, or can exclude particular categories of rating units.

Uniform Annual General Charge is a fixed dollar charge applied on all separately used or inhabited parts of a rating unit.

4. BACKGROUND

Council, in its Revenue and Financing Policy, determines the portion of costs which will be funded by rates. The Revenue and Financing Policy is developed by an assessment of public and private benefit of services provided.

5. POLICY STATEMENT

5.1 Rating Considerations

When determining a rate Council will seek to reflect the following:

- Fairness and equity; in that those who benefit contribute to costs and due consideration is given to the ability to pay.

POLICIES

- Transparency; in that rating is clear and readily understandable.
- Simplicity and cost-effectiveness; in administration and implementation

5.2 Rating System

A Capital Value rating system will be used as the basis for assessing General Rates.

5.3 Uniform Annual General Charge

Council will charge a Uniform Annual General Charge for each separately used or inhabited part of a rating unit.

The Uniform Annual General Charge is to be maximised in accordance with the Local Government Rating Act (2002).

5.4 Targeted Rates

Council will use targeted rates where it considers it is appropriate to rate one or more groups of property to reflect a specific benefit received.

5.5 Differential Rates

Council will set General rates differentially only where it considers it is appropriate to rate one or more groups of property to reflect a specific benefit received.

Targeted rates may be set differentially where Council considers it appropriate to rate one or more groups of property to reflect a specific benefit received.

5.6 Penalties

Council will charge the maximum additional charge by way of penalty for unpaid rates.

5.7 Water Rates

Council will charge:

- a base rate, being a set rate per meter size; and
- a consumption rate, being a rate per cubic metre of water consumed, pursuant to the General By-law Part 8 (Supply of Water) 1994.

6. DELEGATIONS

The implementation of this policy is delegated to the Chief Executive, or his / her delegate.

7. REFERENCES AND RELEVANT LEGISLATION

Local Government (Rating) Act 2002

Local Government Act 2002

Supporting Policies under this Lead Policy are:

Rates Remission

Rates Postponement

Rates Remission and Postponement on Maori Freehold Land

POLICIES

COUNCIL SUPPORTING POLICY

POLICY TITLE:

RATES REMISSION

LEAD POLICY: RATING

1. POLICY OBJECTIVES

- To enable Council to acknowledge the special circumstances of particular ratepayers
- To provide targeted financial relief to community organisations.
- To enable owners of rating units to be treated equitably where Council's District Plan and zoning decisions are considered to have an unfair impact on rates.
- Provide relief to ratepayers who have excessive water rates due to a leak.

2. PRINCIPLES

The overarching principles identified in the lead Rating Policy apply.

3. DEFINITIONS

Contiguous (referred to as 'Rating Units in Common Ownership in the Local Government (Rating) Act 2002) is where two or more separately rateable properties are:

- owned by the same person or persons, and

- used jointly as a single unit, and
- contiguous or separated only by road, railway, drain, water race, river, or stream.

General rate is a rate that the local authority sets for the general purposes of the local authority.

Maori Freehold land means land which has beneficial ownership that has been determined by a Freehold Order issued by the Maori Land Court.

Multiple owned Maori land means Maori freehold land owned by more than 2 persons.

Ratepayer is the person or persons identified in Council's rating information database as the person liable for rates – generally that person is the owner of the rating unit.

Rates penalty is an additional rates charge made when payment is not received by the due date specified.

Rating unit is defined in the Rating Valuations Act 1998. It is the block of land which attracts the liability for rates. The main criteria is the existence of a separate certificate of title.

Remission means the requirement to pay the rate for a particular financial year is forgiven in whole or in part.

Residential means a rating unit whose permitted activity in the Tauranga District Plan is residential, rural or conservation.

Services charges are targeted rates specifically relating to the provision of water and waste water services to a rating unit.

Uniform Annual General Charge (UAGC) is a fixed dollar charge applied on each separately used or inhabited part of a rating unit.

4. POLICY STATEMENT

4.1 General Consideration

When considering any remission Council will take into account the circumstances at the time the rates are set.

4.2 Remission for Uniform Annual General Charge (UAGC)

Council may remit on application the additional UAGC for a separately used or inhabited unit where a person is unable to fully utilise the unit's facilities e.g. due to disability and / or age.

Utilities owned by Tauranga City Council will receive 100% remission of Uniform Annual General Charges (as such rates would otherwise be indirectly recovered from ratepayers).

4.3 Remission of General Rates

Utilities owned by Tauranga City Council will receive 100% remission of General rates (as such rates would otherwise be indirectly recovered off ratepayers).

4.4 Rates Penalty

In order to provide relief of penalties incurred on unpaid rates where specific events or circumstances have occurred, Council will remit penalties on rates where any of the following apply and a remission application has been received:

- i) An agreement has been reached for the ratepayer to make regular automatic payments to settle all arrears and current rates within the

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current rating year.

- ii) A bereavement in the ratepayer's family occurred around the time the instalment was due.
 - iii) There was serious illness (in the ratepayer's immediate family) around the time the instalment was due.
 - iv) There was a marriage / relationship breakdown (where the ratepayer's marriage/relationship broke down around instalment time).
 - v) The ratepayer has a good payment history (being 3 clear years' history without penalty) and makes payment within two weeks of the penalty statement being issued.
 - vi) The ratepayer is paying rates for the first time in the Tauranga district and makes payment within two weeks of the penalty statement being issued.
 - vii) Payment has been sent to Council prior to penalty date but not received and the ratepayer makes payment within two weeks of the penalty statement being issued. (The ratepayer must provide satisfactory evidence and remission will only be granted once per rateable unit).
 - viii) The envelope with rates payment is postmarked on or before penalty date and is received after penalty date.
 - ix) The penalty is less than \$10.00 for any rates excluding water rates or \$2.00 for water rates.
 - x) An administrative error.
2. Requests to remit rates penalties for reasons other than those specified above are to be considered by

the Manager: Business Information. The Manager: Business Information may remit rates penalties for reasons other than those specified above up to \$100 on any one rating unit. Applications to remit rates penalties on any one rateable unit over \$100 for reasons other than those specified above are to be decided upon by the Group Manager: Business Services.

4.5 Community and Not-for-Profit Organisations

In order to provide relief to applicable community and not-for-profit organisations, Council will allow the following:

Land used for churches, marae and not for profit early childhood centres which has a non-rateable status under the Local Government (Rating) Act 2002 may be remitted two thirds of the sewerage rate.

Council will continue to remit sewerage rates to the same extent and to the same qualifying educational establishments as was determined under the Rating Powers (Special Provisions for Certain Rates for Educational Establishments) Amendment Act 2001.

Land used for churches, marae, not for profit early childhood centres and not for profit educational establishments (as defined by Local Government (Rating) Act 2002), which has a non-rateable status under the Local Government (Rating) Act 2002 may receive full remission of the water base rate over the minimum base rate where there is a water meter connection greater than 20 millimetres.

Land used primarily for the promotion of sport, art, health, recreation or education and not used for private pecuniary profit may receive a 100% remission on General rates.

This remission will not apply to land used for organisations who are affiliated or who could be affiliated to Clubs New Zealand Incorporated or used for horse racing.

Land designated a Maori Reservation under the Te Ture Whenua Maori Act 1993, excluding land used for permanent housing, will be granted a 100% remission on General rates.

4.6 Water Rates Attributable to Water Leaks

In order to provide relief to people in situations where water usage is high due to a water leak, Council may remit water consumption rates where all of the following apply:

- A remission application has been received; and
- Council is satisfied a leak on the property has caused excessive consumption and is recorded on the water meter; and
- The leak has been repaired within one calendar month of being identified (unless evidence is provided that the services of an appropriate repairer could not be obtained within this period); and
- Proof of the leak being repaired has been provided to Council promptly after repair of the leak.

The amount of the remission will be the difference between the average consumption of the property and the consumption over and above that average.

Remission for any particular property will generally be granted only once every year. However where a remission for a water leak has been granted to a property under this policy within the last year, the remission decision is to be made by the Manager: Business Information.

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Any remission over 2000 cubic meters of water is to be referred to the relevant Council Committee for decision.

4.7 Remission for Sewerage Charges

In order to provide relief to non-domestic ratepayers that choose to install more toilets than required by the building code, Council may partially remit the sewerage charge for non domestic ratepayers and educational establishments where the number of toilet pans installed exceeds the number of pans required under the building code.

4.8 Contiguous Properties

In order to provide relief to ratepayers affected by new rating legislation concerning contiguous properties, Council will allow full remission to be applied to the difference between:

- UAGC's on a contiguous basis as previously determined by the Rating Powers Act 1988, and
- UAGC's on a rating unit basis as determined by the Local Government (Rating) Act 2002.

The remission is to apply until the property is sold or there is a change in use of the property.

4.9 Exceptions

Rates may be fully or partially remitted where the Group Manager: Business Services considers that the characteristics of land use, location or special circumstances warrant a remission. Any remission granted under this section is to be reported to the appropriate Council Committee.

5. RELEVANT DELEGATIONS

With the exceptions of decisions required to be specifically made by the relevant Council committee or that which is specifically delegated to the Group Manager: Business Services, implementation of this policy is delegated to the Manager: Business Information.

The Group Manager: Business Services has delegated authority to fully or partially remit the rates in any exceptional circumstances as per section 4.9.

6. REFERENCES AND RELEVANT LEGISLATION

Local Government (Rating) Act 2002 (in particular sections 85 and 86)

Local Government Act 2002

Te Ture Whenua Maori Act 1993,

Lead Policy: Rating Policy

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COUNCIL SUPPORTING POLICY

POLICY TITLE:

RATES POSTPONEMENT

LEAD POLICY: RATING

1. POLICY OBJECTIVES

- To provide rating relief to ratepayers experiencing extreme financial hardship.
- To provide rating relief to ratepayers whose farmland has increased in value due to the potential residential, commercial or other non-rural use.

2. PRINCIPLES

The overarching principles identified in the lead policy apply.

3. DEFINITIONS

Farmland means land which is used principally or exclusively for agricultural, horticultural, or pastoral purposes, or for the keeping of bees or poultry or other livestock.

Ratepayer means the person or persons identified in the rating information database as the person who is liable for rates – generally that person is the owner of the rating unit.

Rate postponement means the payment of rates is not remitted but delayed until a certain time, or until certain events occur.

4. POLICY STATEMENT

4.1 General

Postponements will be considered under this policy on receipt of a postponement application.

When considering any postponement Council will take into account the circumstances at the time payment was due.

Postponed rates will be registered as a statutory land charge on the rating unit title.

A postponement fee will be added to the postponed rates reflecting the administrative and financial costs of postponement.

When an application to postpone rates has been approved, a formal postponement agreement will be entered into by both the ratepayer and Council and will:

- State the amount of postponement; and
- State that a postponement fee will be charged; and
- State the timeframe or conditions upon which the postponed rates will become due and payable; and
- Acknowledge that the postponed rates will be registered as a charge against the land.
- Be signed by both parties.

4.2 Extreme Financial Hardship

The granting of a rates postponement due to extreme financial hardship is at the discretion of the appropriate Council committee.

Ratepayers applying for a rates postponement on the grounds of extreme financial hardship must provide evidence of their financial circumstance.

Any postponed rates will be postponed until the:

- death of the ratepayer(s); or
- the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
- the ratepayer(s) ceases to use the property as his/her residence; or
- the date specified by the Council in the postponement agreement.

Any rates which have been postponed and unpaid for more than six years will be written off if the rating unit has not been subdivided or sold prior to that date.

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

4.3 Farmland

Council will postpone rates on farmland where the value of the rateable unit is influenced by the potential residential, commercial or other non-rural use.

The level of postponement granted will be based on the difference between the rateable value of the rateable unit and the valuation of a comparable farmland rating unit elsewhere in the district or surrounding district, as determined by Council's valuation service provider. Council's valuation service provider's decision is final.

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If the rating unit is subdivided or sold all rates postponed and unpaid for six years or less will become payable on the issue of a separate Certificate of Title for the subdivided land.

5. RELEVANT DELEGATIONS

Except for the decision to postpone rates due to extreme financial hardship, the implementation of this policy is delegated to the Manager: Business Information.

6. REFERENCES AND RELEVANT LEGISLATION

Local Government (Rating) Act 2002 (in particular section 87)

Local Government Act 2002

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COUNCIL SUPPORTING POLICY

POLICY TITLE:

REMISSION AND POSTPONEMENT OF RATES ON MAORI FREEHOLD LAND

LEAD POLICY: RATING

1. POLICY OBJECTIVES

- To enable Council to acknowledge the special circumstances where there is no occupier or person gaining an economic or financial benefit from the land.
- To provide relief for land that is appropriately set aside for non-use due to its natural features.
- To provide relief where the land may be physically inaccessible.
- To recognise and take account of the presence of waahi tapu that may affect the use of the land for other purposes.
- To grant remission for the portion of unoccupied land where a block of land is partially occupied.
- To facilitate the development and use of the land for economic use where Council considers utilisation would be uneconomic if full rates are required during the years of development.

2. PRINCIPLES

The overarching principles identified in the lead policy apply.

Under Section 91 of the Local Government (Rating) Act 2002, Maori freehold land is liable for rates in the same manner as if it were general land.

Council and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non collectible.

3. DEFINITIONS

General Rate is the rate that the local authority sets for the general purposes of the local authority.

Maori Freehold Land is land which has beneficial ownership that has been determined by a Freehold Order issued by the Maori Land Court.

Occupied Land is land used as a place of residence, or occupied for a period of time exceeding six months in a calendar year.

Ratepayer means the person or persons identified in the rating information database as the person who is liable for rates – generally that person is the owner of the rating unit.

Rating Unit is defined in the Rating Valuations Act 1998. It is the block of land which attracts the liability for rates. The main criteria is the existence of a separate certificate of title.

Remission is the requirement to pay the rate for a particular financial year is forgiven.

Residential means the use of land and buildings for domestic or related purposes.

Services Charges are a targeted rate specifically relating to the provision of water and waste water services to a rating unit.

Unutilised Land is land that has not been developed from its natural state and not generating revenue and not used in any way, other than for the purposes of vegetation control

Waahi Tapu means the place sacred to Maori in the traditional, spiritual, religious, historical, or mythological sense. Those places defined as 'waahi tapu' vary from hapu to hapu.

4. POLICY STATEMENT

In determining this policy, Council has considered the matters set out in Schedule 11 of the Local Government Act 2002.

4.1 Rates Remission

Tauranga City Council will assess all Maori freehold land on an annual basis to determine the eligibility of rates remission using the below criteria.

Remissions will also be considered on receipt of a remission application, to ensure an opportunity for specific properties to be considered on a case-by-case basis exists.

Applications for remission must be in respect of Maori freehold land.

Applications for remission are to specify:

- the number of owners on the land; and
- the physical location of the land; and
- the nature and extent of any Waahi Tapu and the impact of that Waahi Tapu on land development

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and usage; and

- the amount of income being derived from the block; and
- whether the land is occupied and to what extent it is occupied; and
- whether the block of land is connected to council services e.g. water and sewerage; and
- whether there are any potential development options for the block of land.

Consideration of the above will determine whether a remission will apply.

4.2 Level of Remission

Occupied Properties

The level of remission will be negotiated with an owner or occupier according to the benefits of occupation, having regard to equity with charges made to other ratepayers. No remission will be applied to Uniform Annual General Charges on occupied land.

Unoccupied Properties with Multiple Owners

Where the land is unoccupied, unutilised, not suitable for occupation and ownership is fragmented so that any form of collection action is impractical, then full or partial remission may be granted to both General rates and Uniform Annual General Charges.

Partitions for Building Sites Subject to Te Ture Whenua Maori Act 1993

Rates may be remitted on vacant Maori freehold land which has been partitioned under Te Ture Whenua Maori Act 1993 and the land has two or less owners.

4.3 Postponement of Rates

A postponement of rates will be considered on receipt of an application and where land is:

- unoccupied; and
- has no service connection; and
- has the potential for development.

When an application to postpone rates has been approved, a formal postponement agreement will be entered into by both the ratepayer and Council and will:

- state the amount of postponement; and
- state the timeframe or conditions upon which the postponed rates will become due and payable; and
- acknowledge that the postponed rates will be registered as a charge against the land; and
- be signed by both parties.

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

5. RELEVANT DELEGATIONS

The Manager: Business Information has delegated authority to remit and postpone rates on Maori freehold

land up to \$3,000 per property per rating year. The Group Manager: Business Services has delegated authority to remit and postpone rates on Maori freehold land up to \$10,000 per property per rating year.

The number and level of remissions and postponements on Maori freehold land are to be reported to the appropriate Council committee on an annual basis.

6. REFERENCES AND RELEVANT LEGISLATION

Local Government (Rating) Act 2002 (Section 87).

Local Government Act 2002 (Section 108, Schedule 11).

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COUNCIL LEAD POLICY

POLICY TITLE:

TREASURY

1. POLICY OBJECTIVES

To ensure investments and liabilities are managed in a prudent, effective and efficient manner. As a net borrower, to achieve the lowest possible net interest costs obtainable within the policy parameters by proactively managing funding and interest rate exposures.

2. PRINCIPLES

Council's management of treasury activities is primarily a risk management function focused on managing financial risks, protecting the Council's budgeted interest costs and stabilising the Council's cash flows.

3. DEFINITIONS

Annual Operating Revenue includes development contributions, earnings from rates revenue, government grants and subsidies, user charges, interest and other revenue (excluding vested assets).

Approved Corporate Investments comprises of corporate bonds and promissory notes. Corporate bonds are generally issued by companies with good credit ratings. These bonds can be registered securities or bearer instruments. A fixed or floating rate coupon payment is made quarterly or semi-annually to the holder of the security. They are priced on a yield basis and are issued at

a discount or premium to face value. Corporate bonds are negotiable and can be bought and sold in the secondary market.

Net External Debt is defined as total external debt less liquid financial assets/investments.

Promissory Notes or commercial paper, are issued by borrowers who usually have a credit rating and standing in the market that is sufficient to enable the notes to be issued without endorsement or acceptance by a bank. The notes are usually supported by financial institutions to ensure that the borrower obtains the desired amount of funds. Promissory notes are generally issued with maturities of around 90 days. The face value of the note is repaid in full to the holder on maturity. Promissory notes are negotiable and can be bought and sold in the secondary market.

Bond Options is an agreement between two counterparties whereby the buyer (Call) has the right but not the obligation to buy a specified government bond maturity on an agreed date and time and at an agreed rate.

Cap is a series or string of interest rate put options whereby a borrower can have protection against rising short term interest rates, but participate in the lower rates if market rates remain below the "capped rate." A cap is normally for more than one 90-day funding period.

Collars are two option contracts linked together into the one transaction or contract. A borrower's collar is always a "cap" above current market rates and a "floor" below current rates. Over the term of the collar contract, if rates go above the cap the borrower is protected and pays an interest cost no more than the cap rate. Likewise, if market rates fall below the floor, the borrower pays the

floor rate and does not participate in the lower market rates.

Counterparties are the contracting party to a financial transaction or financial instrument.

Credit Risk is the risk that an organisation will suffer a financial loss due to the unwillingness or inability of a counterparty to meet its obligations as they fall due.

Fixed Rate Debt is defined as debt with interest rate repricing beyond 12 months forward on a continuous rolling basis.

Floating Rate Debt is defined as debt with interest rate repricing within 12 months.

Floating Rate is the interest rate on a loan, debt or investment instrument is re-set at the ruling market interest rates on the maturity date of the stipulated funding period (usually 90-days).

Floor means Interest Rate Floor. The opposite of a "cap." An investor will buy a floor, or a series/string of call options (the right to buy) to protect against falling interest rates, but be able to invest at higher interest rates if rates move upwards. The buyer pays a fee (premium) for the arrangement.

Foreign Exchange Contracts is an agreement to buy or sell one currency for another for specified future delivery at a specified rate.

Foreign Exchange Risk (also referred to as Currency Risk) is a risk that an organisation may suffer financial loss due to a movement in foreign exchange rates relative to its

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functional currency (New Zealand dollar for Council).

Forward Rate Agreements (“FRA”) is an obligation to buy or sell a given asset on a specified date at a price agreed at the time of transaction. Generally, the buyer of a FRA is attempting to protect against a rise in interest rates and the seller is protecting against a fall in rates.

Interest Rate Options is an interest rate option (i.e. cap or floor) where the buyer has the right, but not the obligation, to either borrow or invest an amount at an agreed interest rate.

Interest Rate Risk is the risk that profitability in current or future periods can be adversely affected by interest rate movements.

Interest Rate Swaps is an agreement between two counterparties to exchange interest rate obligations from a fixed or floating rate basis. The interest payments and receipts under the swap contract being offsetting, equal and opposite to the underlying physical debt.

Investment is money or capital that Council has committed to achieve an expected return or further the needs of the community.

Liquidity is the ability to access funds at short notice.

Liquidity Risk is the risk that a business will find itself short of funds and unable to meet obligations in an orderly manner when they fall due, resulting from differences in the timing of cash receipts and disbursements. Liquidity risk increases when unanticipated obligations arise and when anticipated receipts do not eventuate.

Stock/Debentures is the debt issued to third parties by an organisation.

Strong Issuer Credit Rating is credit rating issued by

Standard and Poor’s of:

Short-term A1 or better.

Long-term A- or better.

Swaption is an agreement between two counterparties whereby the buyer has the right, but not the obligation to enter into a predetermined interest rate swap. The buyer pays a premium amount for the contract.

Yield, interest rate, always expressed as a percentage.

Yield Curve The plotting of market interest rate levels from short term (90-days) to long term 10 year rates on a graph i.e. the difference in market interest rates from one term (maturity) to another.

4. BACKGROUND

This policy provides the policy framework for all of the Council’s treasury activities (including Tauranga City Council Sinking Fund Commissioners) and defines the operating framework within which borrowing, investment and risk management activities are to be carried out.

It specifically covers financial risks such as funding, interest rate, liquidity risk and credit risk arising from investment and liability management activities. All other relevant operating procedures and associated internal controls are included in the Treasury Policy and Procedures document.

5. POLICY STATEMENT

5.1. Liability Management (Section 104 LGA 2002)

Council has a large number of infrastructural assets which have a long economic life and long term benefits. Council

also has a significant strategic investment holding.

Council sees the use of debt as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers in relation to Council’s assets and liabilities.

5.1.1 Interest Rate Exposure (Section 104 (a))

Council is exposed to interest rate fluctuations on existing and future borrowings.

Council will minimise interest rate risk by managing its floating and fixed interest rate exposures as per the following control limits:

Master Fixed / Floating Interest Rate Risk Control Limits	
Minimum Fixed Rate	Maximum Fixed Rate
55%	95%

The percentages are calculated on the rolling 12 month projected net debt level calculated by management. Net debt is the amount of total debt net of liquid financial assets/investments (including external sinking funds). This allows for pre-hedging in advance of projected physical draw downs of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to comply with the policy minimums and maximums.

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The following sub-limit maturity bands apply for fixed interest rate debt management:

Fixed Interest Rate Maturity Profile Limit		
Period	Minimum Cover	Maximum Cover
1 to 3 years	10%	60%
3 to 5 years	10%	60%
5 years plus	10%	60%

The following interest rate risk management instruments may be utilised to protect interest costs and to change the interest rate profile:

- Fixing through physical borrowing instruments - loan stock, debentures, medium term notes, bank term loan.
- Floating through physical borrowing instruments - short term revolving stock, bank borrowing, and short-term borrowing programme. Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
- Forward rate agreements.
- Interest rate swaps, including extendable interest rate swaps as long as it is not transacted for the sole purpose of generating premium income.
- Forward start swaps (start date no more than 5 years).
- Purchase of interest rate option products including caps, floors, bond options and swaptions. Interest rate options will not be sold outright. Purchased borrower swaptions mature within 12 months.

- Interest rate options with a maturity date beyond 12 months, that have a strike rate (exercise rate) higher than 1.00% above the appropriate swap rate, will not be counted as part of the fixed rate cover percentage calculation.
- Interest rate collar type option strategies. 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, one side of the collar cannot be closed out by itself, both will be closed simultaneously. The sold option leg of the collar structure must not have a strike rate “in-the-money”

Any other financial instrument will be separately approved by Council on a case-by-case basis.

5.1.2 Liquidity (Sections 104 (b))

Liquidity risk arises when there are insufficient funds to meet obligations in an orderly manner when they fall due resulting from differences in the timing of cash receipts and disbursements. Liquidity risk increases when unanticipated obligations arise and when anticipated receipts do not eventuate.

Cash management (cash receipts and disbursements) activities will be undertaken to ensure that:

- Net cash surpluses will be invested to:
 - Achieve a targeted optimal daily balance of zero for Council net bank balance (group net); and
 - Ensure Council's overdraft is only utilised in exceptional circumstances.
- Debt Maturity Limit

- Total term debt plus committed debt facilities > 110% of net debt.

The following sub-limit debt maturity bands apply for all term debt and committed facilities management:

Fixed Interest Rate Maturity Profile Limit		
Period	Minimum Cover	Maximum Cover
0 to 2 years	20%	60%
2 to 4 years	20%	60%
4 years plus	10%	60%

- A maturity schedule outside these limits requires specific Council approval.
- Disaster recovery requirements will be met through the liquidity ratio.

5.1.3 Credit Exposure (Sections 104 (c))

Council will manage its credit exposure to borrowing margins by ensuring that a ‘Strong’ issuer credit rating is maintained.

Credit exposure will be managed by:

- Ensuring net external debt as a percentage of annual operating revenue (excluding development contributions) does not exceed 250% for up to 3 years at the commencement of any financial year; and
- Compliance with the borrowing limits outlined in 5.1.5 of this policy.

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5.1.4 Debt Repayment (Sections 104 (d))

Council will repay borrowings from general funds, proceeds from the sale of investments and assets, or from the specific sinking fund allocated to that specific borrowing.

5.1.5 Borrowing Limits (Sections 104 (e))

In managing debt, Council will adhere to the following limits:

- Net interest expense (after interest rate risk management costs/benefits) on external debt as a percentage of annual operating revenue (excluding development contributions) will not exceed 20%; and
- Net external debt as a percentage of annual operating revenue (excluding development contributions) will not exceed 250%, and
- Net cash flows from operating activities (excluding interest expense) exceed total interest expense by 2.5 times.

5.1.6 Security (Sections 104 (f))

Council will generally offer security for its general borrowing and interest rate risk management activities by way of a charge over rates revenue. Council recognises that utilising rates revenue as security lowers the risk involved for lenders and, therefore, will lower the cost of borrowing to the Council.

Council offers security through a Debenture Trust Deed which allows Council to provide security over rates revenue from time to time made by Council under the

Local Government (Rating) Act 2002.

There may be occasions where the Council will borrow without offering security.

In the normal course, Council will not offer security over any assets other than rates revenue. However, where doing so would help further the Council's community goals and objectives, Council may offer such security on a case by case basis.

Council may offer security for both long and short term borrowing and for appropriate incidental arrangements (including approved interest rate risk management instruments).

5.2. Investment (Sections 105)

5.2.1 Objectives (Sections 105 (a))

Council will seek to:

- Optimise returns in the long-term while balancing risk and return considerations;
- Ensure investments are liquid;
- Manage potential capital losses due to interest rate movements if investments need to be liquidated before maturity.

Council recognises that:

- As a responsible public authority any investment that it holds should be low risk;
- Lower risk generally means lower returns.

5.2.2 Investment Mix and Associated Specific Objectives (Sections 105 (b))

Council has a significant portfolio of investments including:

Property:

- Council's overall objective is only to own property that is necessary to achieve its strategic objectives and where it relates to a primary output of Council.
- Investment property may be retained to achieve diversification of investments and to provide flexibility to manage strategic property initiatives.

Forestry:

- Forestry assets are held to protect water catchment areas. These are regarded as long term investments for the benefit of the Water Activity.

Financial:

- The primary objective of financial investing is the protection of its investment. Council maintains financial investments primarily to allow:
 - investment of surplus cash; and
 - investment of amounts allocated to special funds, sinking funds and trust funds.

Council may also hold small investments of other types from time to time for the short or medium term, where such investments are convenient for the achievement of Council's other goals (e.g. holdings of co-operative company shares while Council owns land temporarily supporting an activity which requires the holding of such shares).

Council will not hold financial investments other than those involving special funds, sinking funds and cash management balances.

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5.2.3 Acquisition of New Investments (Sections 105 (c))

All acquisitions and disposals of property and forestry assets are to be approved by Council on a case by case basis. All property activities are managed by the Property Department.

All financial investments and interest rate risk management instruments are to be undertaken with institutions that are of high quality credit to ensure amounts owing to the Council are paid in full and on due date.

All new financial investment acquisitions are:

- Required to comply with credit rating requirements criteria outlined in 5.2.5 below; and
- Restricted to the following instruments:
 - Government Investments;
 - State Owned Enterprises Investments (SOE);
 - Registered Bank Investments;
 - Local Authority Investments; and
 - Approved Corporate Investments.

Examples of approved investment instruments include:

- Short term bank deposits;
- Bank bills;
- Certificate of deposit;
- Treasury bills;
- Corporate and government bonds;
- Local authority stock and SOE bonds; and
- Promissory notes

5.2.4 Management and Reporting Procedure for Investments and Borrowing (Sections 105 (d))

Reporting in relation to property and forestry assets is to be generally monthly by the Property Department to Council, and management of such assets will be on a case by case basis.

The Monitoring Committee (MC) will, on a quarterly basis, discuss the activity for the previous quarter together with likely activity for the coming months. Council is responsible for approving investment and liability management strategies on at least a semi-annual basis.

The following reports will also be produced:

Report Name	
Cashflow Report	Limits Exceptions Report
Exception Reports	Debt Maturity Profile
Treasury Report	Statement of Public Debt
Treasury Review	Statement of Sinking Funds

5.2.5 Assessment and Management of risks associated with Financial Investments (Sections 105 (e))

Assessment and management of risks associated with property and forestry assets will be on a case by case basis by Council.

The Council's primary objective when making financial investments is the protection of its investment. Accordingly, only credit worthy counterparties are selected on the basis of their current Standard and Poor's credit rating.

Council will minimise its credit exposure by:

- Ensuring all investments, cash management, interest rate risk management and any foreign exchange transactions are undertaken with entities that comply to the credit ratings below;
- Limiting total exposure by spreading investments and limiting to prescribed amounts; and
- Regular monitoring of compliance against set limits.

Institution	Minimum S&P Short Term Credit Rating	Minimum S&P Long Term Credit Rating	Total Exposure Limit for each counterparty
Government	n/a	n/a	Unlimited
Local Authorities (on B/S exposures only)	n/a	n/a	\$10 million*
Registered Bank			
- On B/S exposures	A1	A	\$10 million
- Off B/S exposures	A1	A	\$40 million
Strongly Rated Corporates and SOEs (on B/S exposures only)	A1	A	\$5 million*

* Subject to a maximum of 70% of the portfolio invested in corporate and local authority paper at any one time once the portfolio is greater than \$20 million.

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Exposures to each counterparty are computed as follows:

- On-balance sheet:
 - Total amounts invested with that counterparty.
- Off-balance sheet:
 - Credit exposure on interest rate contracts computed by multiplying face value of outstanding transactions by an interest rate movement factor of 4% per annum;
 - Credit exposure on foreign exchange contracts computed by multiplying face value of outstanding transactions by an exchange rate movement factor of 10% for contracts up to one year maturity, and 20% for contracts greater than a year.

Credit ratings are reviewed quarterly. If any counterparty's credit rating falls below the minimum specified level in the above table then all practical steps will be taken to reduce the credit exposure to that counterparty to zero as soon as possible. Counterparties exceeding limits will be reported to Council.

The following interest rate risk management instruments are approved for use for investment within the above credit constraints:

- Forward rate agreements
- Interest rate swaps, including extendable interest rate swaps as long as it is not transacted for the sole purpose of generating premium income.
- Purchase of interest rate options products including floors, bond options, and swaptions.
- Interest rate collar type option strategies.

5.3. Sinking Funds (Section 299)

Council currently has a number of sinking funds that were established under the Local Authorities Loans Act 1956. These sinking funds are scheduled to mature in conjunction with the existing debt maturities. These sinking funds have now been lent to Council by way of internal loans at market interest rates.

The Local Government Act 2002 does not require the establishment of sinking funds for new borrowings.

5.4. Foreign Exchange (Section 112)

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

Generally, all significant commitments for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved.

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

6. RELEVANT DELEGATIONS

Minimum Fixed Rate	Maximum Fixed Rate
Approve policy document	Council (as required by the LGA)
Alter policy document	Council (as required by the LGA)
Acquisition and disposition of investments other than financial investments	Council (or appropriate Committee)
Approval of borrowing programme for the year	Council (or appropriate Committee)
Approval for charging assets as security over borrowing	Council (or appropriate Committee)
Approve interest rate risk management instruments	Council (or appropriate Committee)
Open / close bank accounts	Chief Executive
Approve authorised cheque / electronic signatories	Chief Executive
Transfer of stock, register new debt issues	Seal register signatories
Governance Overview of Documentation	Council (or appropriate Committee)
Approve Treasury Strategy	Council (or appropriate Committee)
Amend sub-limit for debt and interest rate maturity bands	Council (or appropriate Committee)
Amend counterparty limit exposures	Council (or appropriate Committee)
Implement Policy	Chief Executive and sub delegated to Group Manager: Business Services
Refinance, rollover, re-negotiate existing debt on more favourable terms.	Chief Executive and sub delegated to Group Manager: Business Services

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7. REFERENCES AND RELEVANT LEGISLATION

Local Government Act 2002 (LGA 2002).

Revenue and Financing Lead Policy and Supporting
Policies.

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COUNCIL LEAD POLICY

POLICY TITLE:

PROCUREMENT

1. POLICY OBJECTIVES

- To provide for the procurement of goods, works and services in a way that ensures best value.
- To promote partnerships with public, private and not-for-profit organisations to enhance best value procurement outcomes.
- To ensure that procurement practices meet the requirements of good management practice.
- To provide guidance as to the circumstances that should be considered when choosing not to subject a contract out to a tender process.
- To assist in the identification of issues to be considered when assessing whether or not to enter into a partnership with the private sector.
- To meet the requirements of section 107 of the Local Government Act 2002.

2. PRINCIPLES

Council has a responsibility to manage its resources in an effective and efficient manner.

Council may procure goods, works and services for the community as sole-procurer, or it may procure goods, works and services for the community in conjunction with others.

Council will comply with all relevant legislation when it procures goods or services.

In many cases a competitive procurement process is likely to result in a better procurement outcome for Council than one that is not competitive.

3. DEFINITIONS

Best Value means the best possible outcome for the whole of life costs, to meet the community's requirements. Best value does not necessarily mean selecting the lowest price. Rather, it means achieving the right quality, quantity and cost at the right time and place, and for the right reasons.

Contract Value means the sum named in the contract documents as payable for the completion of the contract subject to such adjustments as are provided for in the contract documents.

Partnership is an arrangement or agreement between two or more partners where the risks and rewards related to the project are shared between the partners. A Council organisation is specifically excluded from the definition of partnership as applied in this policy.

Private Sector is the part of the country's economy that consists of privately owned enterprises.

Procurement covers the process of acquisition of goods, works and services from third parties. There are no dollar limits (either minimum or maximum) on the definition of procurement as it applies in this policy.

Procurement does not include the making of grants or investments in community development.

Project is any series of activities, other than routine

processes or operational tasks, which possess all of the following characteristics:

- Has a specified objective to be completed within certain specifications, and
- Has defined start and finish dates, and
- Utilises resources (money and/or people and/or equipment).

Public / Private Partnership for the purpose of this policy, a PPP is an arrangement between a public sector entity or entities (including Council) and a private sector entity or entities for the purpose of jointly or co-operatively undertaking a project for mutual benefit.

Tender Process means an appropriate tender process for the contract being tendered but does not include an Expression of Interest (EOI) or a Request for Interest (RFI) process. An EOI and an RFI may be used to gather information in the supplier selection process but do not qualify as an appropriate tender process for the purposes of this policy. A Request for Proposal (RFP) may qualify as a tender process if a price is supplied as part of the RFP. Guidance on appropriate tender processes is provided in Council's Procurement Manual/Guidelines.

Tender Threshold for the purposes of this policy the 'tender threshold' is defined as \$100,000 (excluding GST).

Whole of Life Costs of a procurement option may include any or all of the following:

- One-off costs, such as the purchase or contract price;
- On-going costs, such as maintenance and administration costs;
- Asset ownership costs, such as debt servicing

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and depreciation;

- Opportunity costs; and
- Non-financial costs, such as environmental or social costs.

4. BACKGROUND

Council Procurement

Each year, Council procures millions of dollars of goods, works and services from third party suppliers on behalf of the community. In addition, other organisations also procure goods, works and services on behalf of the community. The way that goods, works and services are procured on behalf of the community has a bearing on the value that stakeholders receive from Council, and can influence the community within and beyond the city.

What to Procure

This policy assumes that Council (with the involvement of partners where applicable) has already decided what needs to be procured, at least in concept. This policy is intended to help identify how to procure.

Procurement Procedure

Council's Procurement Guidelines address many of the procedural aspects of procurement. This policy outlines the principles that Council will adhere to in all procurement activity it undertakes.

Types of Procurement

There are many different types of procurement including, but not limited to, the following:

- Council is the sole procurer
- Council works with a public, private or not-for-profit

partner or partners to procure

- Council has no involvement or only a minor involvement in the procurement

Public / Private Partnerships (PPPs)

See the Major Capital Projects supporting policy for brief background regarding PPPs.

5. POLICY STATEMENT

Council will only be involved in the procurement of goods, works or services where budget provision for those goods, works or services has been made, either through the LTCCP/Annual Plan process or by specific resolution or under delegated financial authority.

Council procurement decisions will have regard to other Council policies, including but not restricted to those relating to:

- Health and Safety issues;
- Environmental, social, cultural and economic sustainability issues.

Council procurement decisions will have regard to Council's relationships with other parties able to be involved in, or invest in, the procurement decision.

The provisions of this policy, including the financial thresholds, apply to:

- individual contracts; and
- to a series of individual works which are capable of consolidation into one or more contracts; and
- a variation to an existing contract that significantly changes the scope of the works/goods/services procured under the original contract and that affects

the contract value.

5.1. Procurement Options

In selecting a procurement option, Council will:

- Seek to ensure it obtains best value from all procurement activities.
- Select the most appropriate procurement techniques to suit the circumstances of the procurement. In determining the most appropriate technique, Council will consider:
 - The level of risk that the procurement poses; and
 - The value of the proposed procurement; and
 - The involvement of, or investment by, other public, private or not-for-profit organisations in the procurement decision; and
 - Any other aspects relevant to the proposed procurement.
- Have regard for whole of life costs when considering procurement options.
- Recognise that there are costs associated with undertaking procurement, and will select the procurement method that itself represents best value.
- Ensure that the costs of the procurement process are commensurate with the importance of the purchase.
- Encourage the use of local suppliers and local labour. Where applicable, Council will seek statements from potential contractors explaining how they intend to use local suppliers and labour.
- Ensure its procurement processes meet all relevant

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legislative requirements.

5.2. Open and Fair Competition

Council will ensure that procurement specifications are open, generic and not biased in favour of a particular supplier. Where applicable, exceptions to this policy must comply with Council's procurement guidelines and relevant legislation.

Council will use procurement strategies and practices that take into account the desire to maintain a competitive market.

Council will ensure it does not have, or is not perceived to have, a conflict of interest in any procurement it undertakes.

Council has established strategic and community partnerships which are recorded in formal agreements. In these cases the procurement decision is already made through the partnership agreement and/or LTCCP / Annual Plan process.

Specific written approval of the Chief Executive is required before any contract can be rolled over beyond the terms originally included in the contract.

Approval of the Chief Executive for the roll-over of a contract beyond its original terms may only be made if the decision is justified taking into account the matters listed in section 5.3 below.

5.3. Decisions not to Tender

Council will ordinarily subject all contracts that are likely to exceed the tender threshold to a tender process.

Any decision not to subject a contract with a contract value that is likely to exceed the tender threshold to a

tender process must be recorded in writing and justified on the grounds of disadvantage to Council (refer to the Delegations section for the approval process).

Matters to be taken into consideration when establishing 'disadvantage to Council' include:

- Urgency.
- Specialised nature of the goods or services.
- Availability of support services or spare parts.
- Opportunity to extend existing or recent contracts, or to use such contracts as the basis for a negotiated contract.
- Practicality of tendering for the specific work.
- Consequential or indirect costs detrimentally affecting Council's position.
- Sufficiency of capability of the private sector or other potential suppliers or partners.
- Necessity of retaining in-house capability.
- Existence of excessive risk in contracting.
- Likelihood that key community partnerships will be significantly adversely affected.

5.4. Public / private partnerships (PPP)

Council will only enter a PPP following consideration of the issues listed in section 5.1 of the Major Capital Projects supporting policy.

5.5. Risk Management

Council recognises that early and systematic identification,

analysis and assessment of risks and the development of plans for mitigating risk are necessary to achieve best value procurement practices.

Council's procurement practices will seek to allocate the risks of procurement to the party best placed to manage those risks.

5.6. Open and Transparent Process

For all procurement activity, Council will follow documented procedures that allow for transparency of decision-making and that allow for subsequent review of the process of decision-making.

5.7. Consultation

When considering procurement decisions, Council will fulfil the requirements of section 78 of the Act to "give consideration to the view and preferences of persons likely to be affected by, or to have an interest in, the matter". This in itself does not mean that a consultation process or procedure will take place.

When deciding whether to subject procurement decision to consultation, Council will consider, among other things:

- The Significance Policy, and
- The matters listed in section 82(4) of the Act.

5.8. Monitoring and reporting

Procurement decisions

Procurement decisions will be subjected to monitoring and reporting systems that ensure resources are used to

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achieve the outcomes sought. The extent of monitoring and reporting will be directly related to the significance of the procurement decision, but may include the following methods:

- Variance reporting to management, the Executive Team, Council or an appropriately authorised subordinate decision-making body of the Council.
- Reporting to a Project Steering Group (Scenario 1 projects only – see Project Management Structure administration policy)
- Reporting via the Annual Report

Outcomes

Council will assess and monitor the extent to which community outcomes are furthered through procurement processes (including PPPs) in accordance with the measures and processes included in the Long-Term Council Community Plan (as provided for by sections 1(f) and 1(g) of Schedule 10 to the Act).

Council will report the extent to which community outcomes are furthered in the Annual Report, in accordance with section 15(c) of Schedule 10 to the Act.

6. RELEVANT DELEGATIONS

The Chief Executive is delegated authority to implement this policy and to sub-delegate any aspect of it except his/her authority to decide not to subject a contract to a tender process.

The Chief Executive is delegated authority to make a decision not to subject a contract to a tender process if the estimated contract value does not exceed \$200,000. If the estimated contract value exceeds the tender threshold,

the criteria of paragraph 5.3 of this Policy must be taken into consideration before making the decision. The Chief Executive is not permitted to sub-delegate this delegation.

Each Group Manager is delegated authority to make a decision not to subject a contract to a tender process if the estimated contract value does not exceed \$200,000. If the estimated contract value exceeds the tender threshold, the criteria of paragraph 5.3 of this Policy must be taken into consideration before making the decision. Exercise of this delegation by a Group Manager is conditional on the decision not to tender also being approved by the Chief Executive. Group Managers are not permitted to sub-delegate this delegation.

Each Budget Officer (being a Council officer who has been given responsibility and the financial authority to procure a contract) is delegated authority to make a decision not to subject a contract to a tender process if the value of the contract does not exceed \$100,000. Budget Officers are not permitted to sub-delegate this delegation.

When a decision is made under delegated authority not to subject to a tender process a contract with an estimated contract value that is above the tender threshold (i.e. the contract value is between \$100,000 and \$200,000), at least three quotes must be obtained unless it is not reasonably practicable to do so.

7. REFERENCES AND RELEVANT LEGISLATION

- Financial Procedures
- Local Government Act 2002
- Significance Policy
- the Controller and Auditor-General's Procurement Guidance for Public Entities
- the New Zealand Transport Agency's procurement requirements (Competitive Pricing Procedures Manual and, once adopted in 2009, the NZTA Procurement Manual).
- Major Capital Projects Supporting Policy
- Project Management Structure Administration Policy
- Procurement Guidelines

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COUNCIL SUPPORTING POLICY

POLICY TITLE:

STRATEGIC PROPERTY

LEAD POLICY: REVENUE AND FINANCING

1. POLICY OBJECTIVES

To set property acquisition and divestment criteria to enable Council objectives and community needs to be achieved.

2. PRINCIPLES

Council recognises it is a long term owner of strategic property.

Council will fully utilise the opportunities property ownership brings in a prudent and efficient manner.

Property acquisitions and divestments are carried out consistent with the strategic direction of Council.

3. DEFINITIONS

Acquisition – procurement of property rights including by purchase, lease, vesting, easements, landswap, and other options.

Divestment – disposal of property rights by sale, granting easements, leasing, landswap and other options.

Investment Property – properties which are retained solely for financial benefit.

Operational Property – land which is currently used for Council services or an infrastructural project eg recreation reserve, stormwater reserve, carpark building, office block, library. An operational property may have been a strategic property originally.

Strategic Property – land owned by Council for a future purpose, which is not currently being used for that purpose. This includes land which is expected to meet future operational needs e.g. Zespri land, Harbour Central, hotel site, land banking.

4. BACKGROUND

This policy has been developed in order to ensure that Council's property resource is managed in an efficient manner, with a clear vision and defined operating parameters.

Council's properties will have set acquisition, management and divestment guidelines in order to ensure the wider Council objectives are achieved in a cost effective and timely manner.

The policy will also enable the Investment Property portfolio to be developed and managed to become a significant contributor to the funding of future property acquisitions for strategic purposes.

5. POLICY STATEMENT

5.1 Acquisitions

Strategic Property acquisitions should be:

- a) consistent with Council strategies and/or
- b) identified for purchase in the LTCCP.

From time to time unplanned opportunities may arise to acquire property – these situations will be recommended to Council for approval and will be for one or more of the following reasons:

- To meet or facilitate a strategic vision or objective;
- To enhance the value/benefits of existing property owned by Council;
- To protect significant natural or cultural sites;
- To accept or maximise opportunities for land gifted or provided on preferential terms to Council;
- To provide a stepping stone to acquire land earmarked for purchase;
- To purchase ahead of schedule as opportunities arise.

Developing property and speculating in the property market is not an objective of Council.

5.2 Funding Purchases of Strategic Property

Funding purchases of strategic property is done by raising loans, development contributions and reserve funding and are included in the Ten Year Plan. The strategic property activity retains these properties until they are required for their intended purpose at which time they are transferred to the acquiring activity at a value which reflects their cost and accrued interest. The strategic property activity is a wholly self-funding activity and does not receive any rate revenue funding.

5.3 Divestment of Property

Property will be identified as able to be divested where:

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- the land is not required to contribute to the delivery of Council strategies and/or
- the land is not identified in the LTCCP for a future known or unknown use and/or
- the land is identified as no longer strategic or required for operational use.

Properties to be divested may be identified through the three-yearly review of the Property Portfolio, or as changes in circumstances occur. This would be approved by Council.

Once land has been identified for divestment, Council may decide to retain the land until a suitable time to divest the property.

Proceeds from the divestment of all property, will either be returned to the Property Sales Reserve or the appropriate activity.

6. RELEVANT DELEGATIONS

The Chief Executive or his /her delegate has responsibility for the implementation of this policy.

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COUNCIL LEAD POLICY

POLICY TITLE:

SIGNIFICANCE

1. POLICY OBJECTIVES

- To provide guidance to the community and Council for the purpose of identifying significance in relation to the issues, proposal, decisions or other matters which substantively affect the lives or future of the Tauranga community.
- To ensure that Council is informed of and carefully considers the consequences of decisions of significance during the process of decision making.
- To help determine the appropriate means to engage with the community on a particular issue, proposal, decision, or matter.

2. PRINCIPLES

The more significant a matter or decision, the more likely Council will need to:

- Consider the long term implications of the decisions.
- Consider the impact on the Long Term Council Community Plan.
- Consider the consistency of the decision with adopted strategies and plans.
- Engage and consult with the community on their views.

3. DEFINITIONS

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.

Special consultative procedure means the procedure set out in section 83 of the Local Government Act (2002).

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 -
 - i. a port company within the meaning of the Port Companies Act 1988;
 - ii. an airport company within the meaning of the Airport Authorities Act 1966

Sub-groups means an assortment of people commonly recognised as a relatively large group/collection within the city's community, i.e. residents of a recognised suburb (e.g. Greerton, Papamoa, etc), ward or area (e.g. CBD), households / businesses along the length of a major road, dog owners, users of a city reserve/facility/service, etc.

Unbudgeted means a new proposal or decision about a proposal that is not in the current Long Term Council Community Plan (LTCCP) nor the current Annual Plan and which requires Council to raise new funding. This does not generally include changes in cost to existing proposals where the scope of the proposal or level of service delivered is unchanged, as these can be dealt with through overall fiscal management and prioritisation.

Wide range of people means a wide range of people and/or groups that reflect the make up of the city's community, ie all road users, residents of two or more ward areas, 40% or more of the city's residents/households or users of a sub-regional/regional reserve/facility/service etc.

4. BACKGROUND

Section 90 of the Local Government Act (2002) requires Council to adopt a policy on significance.

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5. POLICY STATEMENT

Council will consider each proposal or decision on a case by case basis to determine whether the decision or proposal is significant. In determining the significance Council will apply the general approach, criteria and procedures and consider the thresholds set out in this policy.

5.1. General Approach

Council will use the following general approach to identify the significance of any issue, proposal or decision by judging the likely impact of any decision required on:

- a. the likely impact/consequences of the decision or proposal on the current and future social, economic, environmental, or cultural well-being of the district or region;
- b. the persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter;
- c. the likely impact/consequences of the decision or proposal from the perspective of those parties; and
- d. the financial and non financial costs and implications of the decision or proposal having regard to Councils capacity to perform its role

5.2. Criteria

If a decision or proposal satisfies one or more of the following criteria, the matter is likely to have a high degree of significance:

- a. Any transfer of ownership or control, or the

construction, replacement or abandonment of a strategic asset as defined by the Local Government Act or listed in this policy.

- b. A decision that will significantly affect the capacity of the Council to carry out any activity identified in the LTCCP. A decision that will significantly affect the cost to Council to carry out any activity identified in the LTCCP.
- d. Unbudgeted proposals or decisions which would exceed 5% of annual capital expenditure.
- e. Unbudgeted proposals or decisions which would exceed 1% of annual operating expenditure.
- f. A decision, issue or proposal that will substantively affect a wide range of people and/or groups who reflect the make up of the city's community.
- g. A decision, issue or proposal that will substantively affect a sub-group or assortment of people commonly recognised as a relatively large group/collection within the city's community.
- h. The extent to which the decision flows logically and consequentially from a significant decision already made or from a decision in the LTCCP or the annual plan. If it does flow logically, then its significance depends principally on the variations between the identified options, because the decision to do something has already been taken.
- i. The degree to which a decision on an issue or matter is difficult to reverse.

5.3. Procedures

In achieving this policy the following procedure will be followed:

- Every report to Council on any issue, proposal, decision or other matter will include a statement indicating that the issue of significance has been considered.
- The report shall include an assessment of whether the issue, proposal, decision or other matter is significant.
- Where the issue, proposal, decision or other matter triggers the thresholds or criteria of this policy and is therefore likely to be significant, the report to Council will also include a statement addressing the appropriate observance of the Local Government Act parts relating to decision making (Sec 76 – 81) and consultation (Sec 82) and other Council policy (in particular the Community Engagement Lead Policy) as applicable.
- In receiving the report, Council (or the relevant Committee) accepts the report writer's assessment of significance made in the report and, where relevant, the appropriate level and type of community engagement and/or consultation. Where Council or the relevant Committee does not accept the report writer's assessment of significance, a separate resolution will be made to that effect.
- This procedure to be followed in every instance, except for reports going to the Hearings Panel on decisions relating to the Resource Management Act 1991 where significance has already been determined in accordance with the notification provisions of that Act.

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5.4. Strategic Assets

Council owns a number of assets and assets managed as a whole that it considers to be strategic, however not all trading decisions made regarding these assets are regarded as significant as they do not affect the asset's strategic nature.

For the purpose of section 90 (2) of the LGA 2002, Council considers the following assets to be strategic assets:

- Library network
- Wastewater system as a whole
- Stormwater system as a whole
- Roading system as a whole
- Open space networks, parks, walkways, sports fields and indoor facilities as a whole
- Aquatic network as a whole
- Reservoirs and water systems as a whole
- Community Housing
- Tauranga Airport
- Baycourt
- Baypark

5.5. Significance and Community Engagement

Council will determine on a case by case basis the most appropriate means to conduct its engagement on any significant issue, decision or other matter. Generally Council will undertake this as part of the preparation, review or amendment to its Long Term Council Community Plan, or where appropriate through its Annual Plan.

When this is not the case the Community Engagement Lead Policy is the appropriate policy document to guide decisions on engagement. The Community Engagement Policy sets out when Council will engage. It also sets out times when it is not appropriate or possible for Council to engage with the community.

These include:

- Protecting the privacy and safety of individuals
- Confidentiality and/or commercial sensitivity to enable Council to carry out commercial activity or negotiations without prejudice
- Urgency/crisis or the need to act quickly
- Where Council already has a clear direction in a strategy or plan and has already made up its mind about an issue and therefore does not have a sufficiently open mind to carry out meaningful engagement.

5.6. Significant and Significance in Other Contexts

The Local Government Act 2002 uses the term significant and significance in a number of contexts. Unless it is inappropriate in the context, the considerations set out in this policy and in the statutory definitions will apply.

6. DELEGATIONS

Elected Members will retain all decision making authority relating to the determination of the significance of issues, proposal and decisions.

7. REFERENCES AND RELEVANT LEGISLATION

Local Government Act 2002: Section 90

Community Engagement Lead Policy