



LONG TERM COUNCIL COMMUNITY PLAN

VOLUME 2 Policies and Governance Statement 2006/16



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A. REVENUE AND FINANCING POLICY

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1. REVENUE AND FINANCING POLICY COMPLIANCE

1.1 The Revenue and Financing Policy requirements are set out in a number of sections of the Local Government Act 2002. The information that follows summarises the approach taken by Council to meet these requirements.

Legislative Requirement	Manner of Compliance
<p>102(1) – A local authority must, in order to provide predictability and certainty about services and levels of funding, adopt the funding and financial policies described in subsection (4)</p>	<p>These are in the LTCCP and this document.</p>
<p>102(4) – A local authority must adopt ... (a) a revenue and financing policy ..</p>	<p>This Revenue and Financing Policy sets out Council's revenue and financing policy.</p>
<p>103 – (1) A policy adopted under section 102(4)(A) must state – (a) the local authority's policies in respect of the funding of operating expenses from the sources listed in subsection (2); and (b) the local authority's policies in respect of the funding of capital expenditure from the sources listed in subsection (2). (2) The sources referred to in subsection (1) are as follows: (a) general rates, including – (i) choice of valuation system; and (ii) differential rating; and (iii) uniform annual general charges. (b) targeted rates; (c) fees and charges; (d) interest and dividends from investments; (e) borrowing; (f) proceeds from asset sales; (g) development contributions; (h) financial contributions under the Resource Management Act 1991; (i) grants and subsidies; (j) any other source.</p>	<p>See Part 2, paragraph 2.8 of this document.</p> <p>See Part 2, paragraph 2.7 of this document.</p>

Legislative Requirement	Manner of Compliance
<p>(3) A policy adopted under section 102(4)(a) must also show how the local authority has, in relation to the sources of funding identified in the policy, complied with section 101(3).</p>	
<p>101(3) –</p> <p>3. The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of, -</p> <p>(a) in relation to each activity to be funded, -</p> <p>(i) the community outcomes to which the activity primarily contributes; and</p> <p>(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and</p> <p>(iii) the period in or over which those benefits are expected to occur; and</p> <p>(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and</p> <p>(v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and</p> <p>(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.</p>	<p>The 3 step process followed in preparing this document complies with this section, ie.</p> <ul style="list-style-type: none"> • assess need for the activity • assess public/private good percentages • modify the public/private good percentages if necessary <p>The impact on the well-being of the community is covered by the 3 step process.</p>

1.2 **Statement about Level of Compliance**

Council has considered the purposes of the legislation, the significance of its funding decisions and the scale of its operations in determining the appropriate level of compliance with the legislation.

1.3 Judgements have been made at various stages of the process having regard, among other things, to Council's role of making appropriate funding decisions to reflect the goals of the district. Council has made judgements about fairness and equity, and about the extent to which any of the considerations for Steps One, Two and Three are relevant to any particular function.

1.4 Council considers that given the circumstances surrounding the development of this Revenue and Financing Policy, it has made appropriate judgements regarding:

- The extent and detail of the information considered
- The degree to which benefits and costs have been quantified
- The extent to which different options have been considered
- The extent and nature of the written record

2. GENERAL POLICIES RELATED TO REVENUE AND FINANCING POLICY

The following general policies apply to the Revenue and Financing Policy:

2.1 Revenue and Financing Policy Applies to Council Contribution

The Revenue and Financing Policy describes how ratepayer's share of funding for activities is determined. Some activities attract external subsidy (e.g. Transfund roading subsidy). This Revenue and Financing policy describes how Council funds the matching share, not the whole activity.

2.2 Revenue and Financing Policy Applies to Operational Funding

The Revenue and Financing Policy describes how operational costs will be funded. Operational costs are the cost of achieving existing service levels.

2.3 Revenue and Financing Policy and Intergenerational Equity

Operational expenditure is the cost of providing a service in a given year and includes depreciation on assets. Revenue and Financing Policy for activities involving cash funding of depreciated assets (e.g. water) therefore recognises intergenerational equity.

2.4 Review of Revenue and Financing Policy for Significant Change

Council will review its Revenue and Financing Policy for any activity in the event of a significant change in service delivery, nature and scope of service, or operational costs for that activity. (See Council's Policy on Significance.)

2.5 Investments shall be District or Ward Assets

Except where specifically prescribed otherwise as a condition of endowment, property investments vested in the Council will be regarded as district or ward assets and any revenues or costs arising from them will be revenues or costs of the district or ward as applicable.

2.6 **Funding of Depreciation**

(a) Council has resolved to not fully fund depreciation relating to:

- Molyneux Aquatic Centre
- Alexandra Community Centre
- Small Community Halls
- Cromwell Stormwater
- Cromwell Swim Centre
- Roding
- Certain Recreation Facilities
- Revaluation of Assets

Molyneux Aquatic Centre and Alexandra Community Centre

These assets were largely funded by the Crown (from flood compensation) and public donations i.e. not ratepayer funding. Council takes the view that ratepayers would not be asked to fund replacements, therefore it would be inequitable for current ratepayers to build up a depreciation fund for future generations. Nevertheless, Council is funding depreciation of plant and machinery etc, as this will not last for the lifetime of the building and therefore on the grounds of intergenerational equity, a depreciation fund will be needed to replace them.

Small Community Halls

Council and the Community Boards believe that the district is over provided with such facilities. They are maintained, but there is no intention to improve or replace all of them. Therefore there is no need to fund depreciation on some of the facilities. However, where it is likely that a hall would be replaced, for example in Clyde, then depreciation on such halls is fully funded.

Cromwell Stormwater

As part of the Clyde Dam construction scheme, a reticulated stormwater system was built in Cromwell.

Cromwell Community Boards since then have consistently said that they do not intend to replace or extend the system as they have all felt that there is no need for a stormwater system in Cromwell at all, due to the climate in Central Otago being semi-desert and the free draining gravels in the town.

The current level of service is maintained, but the intention is to reduce the level over time. Therefore non-funding of depreciation does not adversely affect this intention.

Cromwell Swim Centre

As part of the Clyde Dam construction scheme, a Swim Centre was built in Cromwell. As the building was not funded by ratepayer money the Board decided not to fund depreciation on it.

It is, however, funding depreciation on plant and machinery etc, and will fund depreciation on the proposed extension and upgrade, based on the proportion of Board funding required.

Roading

Council does not fully fund depreciation on roading because it is continually maintained and renewed, and over 50% of the cost is contributed by Transfund.

Council funds a proportion of the depreciation to a formula agreed with Audit New Zealand as appropriate.

Certain Recreation Facilities

Council will continually review facilities such as playground equipment to assess whether or not replacement will be funded by the community or by Council. If the former, depreciation will no longer be funded.

Revaluation of Assets

Whilst Council accepts the need to consider intergenerational equity when considering the funding of depreciation, it will review the effect on ratepayers of moving to fully funding increased depreciation flowing from revaluation of assets. It will consider each case individually, and may chose to not fully fund an increase at all, or not from rates, or to introduce it over time.

- (b) There are some other services where depreciation is not currently fully funded. Council accepts that the Local Government Act 2002 requires full funding of depreciation for these services, but has been moving to this over four years, to prevent imposing a heavy burden on ratepayers in one year.

This affects the following services:

Cromwell - Urban Reserves - fully fund by 2007/08
Cromwell - Unsubsidised Roothing - fully fund by 2007/08
Roxburgh - Water - fully fund by 2006/07
Roxburgh - Footpaths - fully fund by 2006/07

2.7 Funding of Capital Expenditure

Capital expenditure is generally funded by cash reserves, loan or depreciation expense that has been matched by rates or other revenue. However, Transfund subsidy can be applied to routine capital expenditure such as road sealing.

Grants may also be received from other government agencies to assist with capital expenditure such as fire tankers and civil defence radios, and from community trusts for recreational facilities.

2.8 Sources of Funding

The following sources of funding are available to Council:

- (a) general rate – assessed on land value
- (b) differential rate – as set out throughout the document
- (c) uniform annual charges – to fund democracy, recreation policy, Lake Dunstan (Clutha Management) and a proportion of the roading rate
- (d) targeted rates – as set out throughout the document
- (e) fees and charges – as set out throughout the document
- (f) interest and dividends from investments – applied to reduce the rating requirement as appropriate
- (g) borrowing – Council only borrows to fund capital expenditure. It uses existing funds for internal borrowing, but when necessary external loans will be taken out
- (h) proceeds from asset sales – any such proceeds are utilised for asset replacement or to reduce the rating requirement
- (i) financial contributions under the Resource Management Act 1991 – used to fund required infrastructure
- (j) grants and subsidies – are used to reduce the rating requirement for the activity to which they relate
- (k) development contributions under the Local Government Act 2002 - used to fund required additional infrastructure from the developments that cause the additional need
- (l) rates in advance (as per S.56 of the Local Government Rating Act 2002) – available as an option for ratepayers to pay towards major infrastructure upgrades

2.9 Use of Balances

Any balances relating to water, waste water, waste collection, waste disposal and elderly persons housing will be ring fenced and used for future expenditure relating to the relevant service.

3. REVENUE AND FINANCING POLICIES FOR EACH COUNCIL OUTPUT

Airports

3.1 This activity provides aerodromes in:

- Alexandra/Clyde
- Cromwell
- Roxburgh

3.2 It is engaged in because:

- the aerodromes were inherited in 1989 from the former local authorities which had established them. They had been built because of various needs, including the transportation of produce
- they provide recreational activities
- they are used by business and tourism visitors to the area
- the Alexandra/Clyde aerodrome is used on a weekly basis to transport hospital specialists from Dunedin to Dunstan Hospital

The activity therefore contributes to the following community priorities:

- transport and communications
- maintain essential services in local communities
- recreation
- health
- economic development

3.3 **Public/Private Good Assessment**

Public Good	100%
Private Good	0%

3.4 *Public good* is mainly derived from:

- well-maintained aerodromes being available for use in emergencies
- aerodromes are a way for tourists and business people to arrive in Central Otago as an alternative to road journeys from commercial airports
- the potential longer term benefits of the aerodromes being further developed into national and/or international aircraft landing capability

3.5 *Private good* is derived from users of the aerodromes. It would be uneconomic for Council to try and charge landing fees.

3.6 *Private good* is also derived by aero clubs. These clubs currently undertake all maintenance of facilities at the aerodromes, except for the costs of grass mowing; this allows the rate take to be minimised.

3.7 **Public/Private Good Ratio**

No modification proposed, so allocation remains as:

Public Good	100%
Private Good	0%

3.8 **Selection of Funding Tools**

The funding tool is a district wide LV rate.

Cost allocation and funding tools	
	%
Public Good	100
LV rate	100

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
General district rate, based on LV	100 *	

* The Alexandra Community Board's airport loan will continue to be rated in the Alexandra Ward only. The loan outstanding is currently just over \$51,000, which will be extinguished by 2008/09.

3.9 Council believes that the aerodromes are assets to all residents of the district. Furthermore, it believes it has a public duty to keep them maintained in case they need to be developed further in the future.

Cemeteries

3.10 This activity provides:

- cemeteries throughout the district, except in the Roxburgh Ward
- maintenance of burial records
- maintenance of cemetery grounds
- burial of human remains
- interment of human ashes

3.11 It is engaged in because:

- it is a mandatory function for local authorities under the Burial and Cemeteries Act 1964 when sufficient provision of cemeteries is not undertaken by other groups

The activity therefore contributes to the following community priorities:

- maintain essential services in local communities
- health
- heritage

3.12 Public/Private Good Assessment

Public Good 50%
Private Good 50%

3.13 *Public good* is mainly derived from:

- protected public health from the safe disposal of human remains
- the bequest value of maintaining cemeteries and cemetery records for future generations to remember their ancestors
- the tourism potential, from people researching their genealogy
- the maintenance of publicly available green space
- protection of the district's heritage

3.14 *Private good* is derived from a person being laid in their chosen final resting place. Family of the deceased is identifiable and therefore can pay for the use of a burial plot.

3.15 Public/Private Good Ratio

No modification proposed, so allocation remains as:

Public Good 50%
Private Good 50%

3.16 Selection of Funding Tools

The funding tools are user charges and a targeted rate, set by each ward.

Cost allocation and funding tools		%
Public Good		50
Targeted rates, set by ward		50
Private Good		50
User charges		50

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
Targeted rates, set by each ward	%	Differential
	100	-

Charging Policy		
Fees to be set by each ward; such fees to include an element for maintenance.		

- 3.17 The use of targeted rates recognises that the public good is people-based. Rates will be assessed on a ward basis because of the discretion wards have in the level of provision of this activity.
- 3.18 The targeted rate will be assessed on each rating unit within a ward, using factor 6 in Schedule 2 and factor 7 in Schedule 3 of the Local Government (Rating) Act 2002. Rates will be assessed as a fixed amount.

Civil Defence

3.19 This activity provides:

- civil defence planning
- recruitment, training and management of the volunteer network
- response to emergency events
- disaster recovery

3.20 It is engaged in because:

- provision of a civil defence function is a mandatory activity for local authorities, under the Civil Defence Emergency Management Act 2002.

The activity therefore contributes to the following community priorities:

- maintain essential services in local communities
- ease of doing business

3.21 Public/Private Good Assessment

Public Good	100%
Private Good	0%

3.22 Civil defence activities are provided for the benefit of all people in a district, as any part of the district may be affected by an emergency event. The benefits are both people-based and property-based, as an emergency may be declared in response to threats to life or property.

3.23 Public/Private Good Ratio

No modification proposed, so the allocation remains as:

Public Good	100%
Private Good	0%

3.24 Selection of Funding Tools

The funding tool is a CV rate, assessed over the whole district, with a differential for electricity generators.

Cost allocation and funding tools	%
Public Good	100
CV rate, across the district	100

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
CV rate, across the district	100	
CV rate – electricity generators		See 3.71

3.25 Electricity generators may receive a differential for any rates assessed by the Council on a CV basis. This is explained in paragraph 3.71.

3.26 A CV rate is deemed appropriate as it most accurately reflects the value of assets at risk in an emergency.

Community Board funded roading

3.27 This activity provides:

- footpaths
- noxious weeds (roadside spraying)
- car parks
- corridor gardens and beautification
- amenity street lighting
- vehicle crossings
- utility management (ie management of utility services such as phone and power lines in Council road reserves)
- village caretakers

3.28 It is engaged in because:

- the provision of a safe, convenient and cost-effective footpath network in urban areas is essential for physical, economic and social wellbeing
- control of pest plants in the roading corridor is a mandatory activity for local authorities under the Biosecurity Act 1993
- provision of car parks promotes road safety

The activity therefore contributes to the following community priorities:

- maintain essential services in local communities
- transport and communications

- low crime
- economic development
- ease of doing business

3.29 Public/Private Good Assessment

Public Good 90%
Private Good 10%

3.30 *Public good* is primarily derived from:

- a safer environment by having a well-maintained and clean urban footpath network
- increased physical safety from the existence of amenity street lighting
- an improved environment through the control of noxious weeds

3.31 *Private good* is mainly derived from car parking, vehicle crossings and utility management. Users/recipients can be readily identified and therefore they can pay for the services.

3.32 Public/Private Good Ratio

Public Good 95%
Private Good 5%

3.33 Council modified the allocation because it believes a policy of free car parking assists its economic development strategy.

3.34 Selection of Funding Tools

The funding tools are user charges and LV rates, set by each ward, except for noxious plants, which is funded by a district wide LV rate and village caretakers funded by a targeted rate set by the relevant ward, assessed over the community of interest.

Cost allocation and funding tools		%
Public Good	LV rate	95
Private Good	User charges and fees	5

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
Noxious plants: LV rate, district wide	10	-
Other activities: LV rate, set by each ward	90	-

Charging Policy	
Vehicle Crossings	- Property owners make own arrangements with Council approved contractors
Utilities Management	- Council charge an inspection fee
Car Parking	- Free

The LV rates will be included in the ward services and district general rates. The targeted rate will be assessed on each rating unit within a ward, using factor 6 in Schedule 2 and factor 3 in Schedule 3 of the Local Government (Rating) Act 2002.

Democracy

3.35 This activity provides for the governance of the district and includes:

- Payment of elected members
- Administrative costs of servicing Council, Committees and Community Boards
- Conduct of elections and by-elections for Council and Community Boards
- Community Planning

3.36 It is engaged in because:

- Governance processes are mandatory functions for local authorities under the Local Electoral Act 2001 and the Local Government Official Information and Meetings Act 1987
- Community planning assists Council to better understand desired community outcomes and priorities

The activity therefore contributes to all community priorities.

3.37 **Public/Private Good Assessment**

Public Good	100%
Private Good	0%

3.38 *Public good* mainly derives from:

- all residents having an equal right to participate in democratic processes
- all residents benefiting from civil leadership
- expenditure being largely independent of the number of residents, and therefore the benefit is non-excludable

3.39 Public/Private Good Ratio

No modification proposed, so allocation remains:

Public Good	100%
Private Good	0%

3.40 Selection of Funding Tools

The tools are a uniform annual charge for Council governance, and targeted rates for Board governance.

Cost allocation and funding tools	%
Public Good	100
Council – uniform annual charge	60
Boards – targeted rates	40

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
Council costs:		
• uniform annual charge	100	-
Board costs:		
• targeted rate, set by each Board	100	-

3.41 The use of a targeted rate and uniform annual charge recognises that the public good is people-based.

3.42 The targeted rate will be assessed on each rating unit within a ward, using factor 6 in Schedule 2 and factor 7 in Schedule 3 of the Local Government (Rating) Act 2002. Rates will be assessed as a fixed amount.

District Development – Tourism and Economic Development

3.43 This activity provides:

- the marketing of the district to potential migrants and investors
- implementation of an economic development strategy
- encouragement and support to existing industry by addressing infrastructural and other constraints
- facilitation of development of new industry
- regional identity/branding/destination management
- Visitor Information Centres in Alexandra, Roxburgh, Ranfurly and Cromwell
- marketing of the district via Tourism Central Otago
- promotions in each of the Wards

3.44 It is engaged in because:

- Council has adopted a destination management approach to tourism and future development of the district to assure the current and future well-being of the community
- Council needs to be able to assist the community to achieve its outcomes and priorities now and in the future
- the high level of growth which Central Otago continues to enjoy must be actively dealt with

The activity therefore contributes to the following community priorities:

- economic development
- skills development
- tourism
- managing development impacts on landscape and natural ecosystems
- maintain essential services in local communities
- recreation
- heritage

3.45 **Public/Private Good Assessment**

Public Good	100%
Private Good	0%

3.46 *Public good* is mainly derived from:

- creation of employment opportunities
- general area upgrade and beautification
- increased tourism, so increased facilities
- heightened feel good factor
- better community infrastructure
- growing personal and community wealth

3.47 *Private good* is generally enjoyed by all, but tourism is of particular benefit to operators and tourists.

3.48 **Public/Private Good Ratio**

Council is introducing a suite of options for tourism agents to contribute to; the allocation is therefore modified to:

Public Good	90%
Private Good	10%

3.49 Selection of Funding Tools

- **Economic Development**

Cost allocation and funding tools	%
Public Good	100
CV rate, district wide	100

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
CV, district wide	100	
CV, district wide electricity providers		See 3.71

- **Tourism**

The funding tools are:

Visitor Information Centre (VIC) – CV rate, district wide
 Promotions and Events – CV rate, by ward
 Tourism Central Otago (TCO) – CV rate, district wide

Cost allocation and funding tools	%
Public Good	100
VIC and TCO	
CV, differentiated, district wide	100
Promotions and Events	
CV, differentiated, ward basis	100

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
VIC and TCO:		
CV rate, assessed over the district	100	
• commercial		28.2
• accommodation		5.8
• residential		26
• rural		26
• utilities		2.0
• small dams		1.0
• electricity generators		See 3.71
Promotions and Events:		
CV rate, assessed by ward		
• residential		**
• rural		**
• utilities		**
• other		**
• electricity generators		See 3.71

** Set by each Community Board

- **Regional Identity**

Cost allocation and funding tools	%
Public Good	100
LV rate, district wide	100

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
LV, district wide	%	Differential
	100	

- 3.50 CV rates are deemed appropriate because capital value best represents businesses and economic activity, and the activities largely benefit property ownership.
- 3.51 Differentials will be applied using factors 1 and 6 of Schedule 2 of the Local Government (Rating) Act 2002.
- 3.52 An LV rate for regional identity is appropriate because it is deemed that the service is of general benefit and is therefore to be included within the district's general rate.

Dog Control and Registration

3.53 This activity provides:

- dog registration
- dog pounds
- dog control
- response to complaints about dogs barking, wandering or acting in a dangerous manner

3.54 It is engaged in because:

- control of dogs is a mandatory activity for local authorities under the Dog Control Act 1996
- dog registration is a service that benefits dog owners by allowing legal ownership of dogs and enabling impounded dogs to be traced to their owners

The activity therefore contributes to the following community outcomes and priorities:

- health
- sustainable environment that provides a good quality of life

3.55 Registration of dogs is contracted out to Central Vets Limited. Dog control is managed by the Council but the activity is undertaken by contractors.

3.56 Public/Private Good Assessment

Public Good 7%
Private Good 93%

3.57 *Public good* is derived from:

- Increased safety of the public from the keeping of dogs under control

3.58 *Private good* is mainly derived from:

- registration allowing legal ownership of dogs
- registration allowing impounded dogs to be returned to their owners

Owners can be identified and can therefore pay for their use of the services.

3.59 Public/Private Good Ratio

Public Good 0%
Private Good 100%

3.60 Council modified the allocation on grounds of fairness and equity to recognise that the costs of controlling the negative effects of the actions or inactions of dog owners should be borne by those owners ie potential “exacerbators”.

3.61 Selection of Funding Tools

The funding tools are user charges, topped up as necessary by a Reserve Fund.

Cost allocation and funding tools		%
Private Good		100
User charges		100
Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
No rating for dog control and registration		

Charging Policy	%	Differential
Dog Registration: <ul style="list-style-type: none"> • working dogs • non working dogs 	90	1
Dog Control	10	4.0 in 2005/06 and 4.5 from 2006/07

Elderly Persons Housing

3.62 This activity provides elderly persons rental accommodation in:

- Alexandra
- Clyde
- Cromwell
- Ranfurly
- Roxburgh

3.63 It is provided because:

- community housing ownership is a discretionary function of local authorities under the Local Government Act 2002

The activity therefore contributes to the following community priorities:

- housing
- health

3.64 Therefore Council has adopted the following policy:

- new residential accommodation may be purchased or built, subject to identified need
- the existing stock will continue to be owned by Council
- accommodation will be available to elderly persons or, if the accommodation cannot be filled with elderly persons, any other suitable person who may rent it, on a short-term basis
- rents charged will be in line with appropriate rentals for elderly persons' accommodation. Existing tenants will move to these rentals over time, with the increase not exceeding \$6 per week each year
- if an alternative provider guaranteed the same level of service, Council would consider transferring some or all of its residential accommodation to that provider
- any balances on the account will be ring fenced

3.65 **Public/Private Good Assessment**

Public Good	0%
Private Good	100%

3.66 *Private good* is derived by the individual living in the accommodation. Such individuals are readily identifiable and can therefore be charged for the use of the accommodation.

3.67 **Public/Private Good Ratio**

Public Good 5%
Private Good 95%

3.68 Council modified the allocations because there is a social benefit, in that the community takes comfort from the desire of the Council to assist elderly persons.

3.69 **Selection of Funding Tools**

The funding tools are rents and a district wide general rate, based on LV.

Cost allocation and funding tools		%
Public Good		5
LV district general rate		5
Private Good		95
Market rents		95

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
General district rate, based on LV	100	-

3.70 The rate is assessed across the district rather than on a ward basis because the service is provided on a district wide basis.

Electricity Generators

3.71 The larger dams contribute 12% of the capital value of the district. If a differential were not applied, they would contribute an inequitable level of the rate take of the district. Therefore Council will apply a differential to remove this inequity. The differential will ensure that the hydro dams contribution each year reflects the overall movement in all rates.

3.72 The differential will be applied using factor 1 of Schedule 2 of the Local Government (Rating) Act 2002.

3.73 If wind farms are set up in the district, Council may need to introduce a differential to maintain equity.

Environmental Health and Building

3.74 This activity provides:

- health registrations and inspection of food premises
- monitoring of water supplies
- monitoring of notification of notifiable diseases
- administration of the Building Act and Code
- inspection of new plumbing and drainage
- Property Information Memorandum Service (PIMS)
- liquor licensing
- dangerous goods
- miscellaneous licensing and bylaws – hawkers, hairdressers, prostitutes, camping grounds, funeral parlours and amusement devices
- gambling policy

3.75 It is engaged in because:

- provision of the services is mandatory for local authorities under various Acts and Regulations, including the Building Act 2004 and Sale of Liquor Act 1989.

The activity therefore contributes to the following community priorities:

- health
- ease of doing business
- housing
- tourism
- air

3.76 Public/Private Good Assessment

Public Good	10%
Private Good	90%

3.77 *Public good* is mainly derived from the protection of public health by ensuring premises, water etc are safe.

3.78 *Private good* is derived from:

- the recipients of various licences
- owners of properties which are confirmed to be safe

The recipients of private good are readily identifiable and are therefore charged for the services received.

3.79 Public/Private Good Ratio

No modifications proposed, so the allocation remains as:

Public Good	10%
Private Good	90%

3.80 The funding tools are fees for services and a district wide CV rate.

Cost allocation and funding tools		%
Public Good		10
CV rate, district wide		10
Private Good		90
Fees per service		90

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
CV, district wide	100	
CV, district wide – electricity generators		See para 3.71

3.81 A CV rate is deemed appropriate as it most accurately reflects business activity.

Facilities

3.82 This activity provides:

- halls
- pavilions
- theatres
- museums

3.83 It is engaged in because:

- the facilities provide venues for community activities
- good facilities attract tourists to the area for specific events
- cultural centres such as museums and theatres enrich the community

The activity therefore contributes to the following community priorities:

- arts and culture
- tourism
- education
- recreation
- heritage

3.84 **Public/Private Good Assessment**

Public Good	62%
Private Good	38%

3.85 *Public good* mainly derives from the ability to enjoy community activities near where people reside.

3.86 *Private good* mainly derives from people's choice to attend events or not. Users can be identified and therefore charged for their use of the facilities.

3.87 **Public/Private Good Ratio**

Public Good	87%
Private Good	13%

3.88 Council modified the allocations between public and private good because it believes there should be equal access for all users of facilities, especially as many users are children and persons on fixed incomes. Additionally, inappropriately high levels of user charging may decrease usage whilst costs would remain constant.

3.89 **Selection of Funding Tools**

The funding tools are targeted rates set by each ward, and user charges.

Cost allocation and funding tools	%
Public Good	87
Targeted rates, set by each ward	87
Private Good	13
User charges	13

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
Targeted rates, set by each ward	100	

3.90 The use of targeted rates recognises that the public good is people-based. Rates will be assessed on a ward basis because of the discretion wards have in the level of provision of this activity.

3.91 The targeted rate will be assessed on each rating unit within a ward, using factor 6 in Schedule 2 of the Local Government (Rating) Act 2002 and factor 7 of Schedule 3 to the Act. Rates will be assessed as a fixed amount. The rate for Earnscleugh/Manuherikia wards will be assessed as a single amount across the two wards.

Forestry

3.92 This activity provides ownership of forests in:

- Alexandra
- Cromwell
- Maniototo
- Roxburgh
- Jointly with Queenstown Lakes District Council

3.93 It is engaged in because:

- it is seen as an investment in the future which will provide a payout/dividend at time of clear felling
- it provides and enhances recreation areas for people to enjoy
- it provides land stability, which has traditionally been a problem around Alexandra and Cromwell

The activity therefore contributes to the following community priorities:

- recreation
- managing development impacts on landscape and natural ecosystems

3.94 Council policy is to continue the operation of forestry only:

- when there is a strategic reason for so doing; or
- it is on endowment land and Council is legally required to keep it

Council will divest itself of other forestry holdings at a time to ensure ratepayers receive maximum benefit from the divestment.

3.95 Public/Private Good Assessment

Public Good	10%
Private Good	90%

3.96 *Public good* is derived from:

- the environmental and recreational aspects of forestry

3.97 *Private good* is derived by the purchaser of the timber. Purchasers are readily identified and so can be charged for the timber.

3.98 Public/Private Good Ratio

Public Good	0%
Private Good	100%

3.99 Council made the modification because it seeks to obtain maximum value for timber sold, with the aim of recovering costs plus some return on invested capital, regardless of any ancillary public benefit.

3.100 Selection of Funding Tools

The funding tool is sale of timber via tender or competitive quotes.

Cost allocation and funding tools		%
Private Good		100
Sale, via tender/quotes		100

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
No rating for forestry		

Charging Policy		%
Sale by seeking tenders or competitive quotes		100

Grants

3.101 This activity provides financial assistance to community groups undertaking activities that are considered to benefit the community generally. Assistance is provided by:

- grants, and/or
- waiver of fees and charges

3.102 It is engaged in because:

- Council and Community Boards acknowledge service to the community by community groups and wish to recognise this by providing financial support

The activity therefore contributes to the following community priorities:

- arts and culture
- recreation
- maintain essential services in local communities

3.103 Public/Private Good Assessment

Public Good	100%
Private Good	0%

3.104 *Public good* mainly derives from the services or assets provided for the community by the grant aided community groups. It is not possible to identify benefactors from these services as usually the whole community generally benefits.

3.105 **Public/Private Good Ratio**

No modification proposed, so allocation remains:

Public Good	100%
Private Good	0%

3.106 **Selection of Funding Tools**

The funding tools are a district wide LV rate for district grants and LV rates set by each ward for ward grants.

Cost allocation and funding tools	
	%
Public Good	100
LV rates	100

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
District grants		
• general rate, LV based	100	-
Community Board Grants:		
• services rate, LV based, set by each ward	100	-

Lake Dunstan (Clutha Management)

3.107 This activity provides:

- harbourmaster functions
- jetties
- other leisure facilities on the river and Lake Dunstan
- monitoring of intrusive weeds

3.108 It is engaged in because:

- provision of leisure facilities is a discretionary function for local authorities under the Local Government Act 2002.

The activity therefore contributes to the following community priorities:

- health
- recreation

3.109 **Public/Private Good Assessment**

Public Good	100%
Private Good	0%

3.110 *Public good* is mainly derived from

- safety for the boating public through education
- promotion of a healthy lifestyle
- provision of a safe environment for swimming

3.111 **Public/Private Good Ratio**

No modifications proposed, so the allocation remains as

Public Good	100%
Private Good	0%

3.112 **Selection of Funding Tools**

The funding tool is a district wide uniform annual charge.

Cost allocation and funding tools		%
Public Good		100
Uniform annual charge		100

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
Uniform annual charge	100	-

3.113 The use of a uniform annual charge recognises that the public good is people-based.

3.114 The uniform annual charge will be assessed on each rating unit and will be raised as a fixed amount per rating unit.

Libraries

3.115 This activity provides library services in:

- Alexandra
- Clyde
- Cromwell
- Ranfurly
- Roxburgh
- Millers Flat
- Omakau

3.116 It is engaged in because:

- libraries provide educational, social, cultural and recreational benefits
- libraries are centres for the storage and accessing of cultural and local heritage

The activity therefore contributes to the following community priorities:

- skills development
- education
- recreation
- heritage
- arts and culture
- maintain essential services in local communities

3.117 Currently the Council owns and operates all the libraries in paragraph 3.107 except for Ranfurly, Millers Flat and Omakau. These are operated in conjunction with the relevant school libraries.

3.118 To ensure provision of a quality library service, the Council and Queenstown Lakes District Council combined their provision of library services in 2001.

3.119 **Public/Private Good Assessment**

Public Good	37%
Private Good	63%

3.120 *Public good* is mainly derived from:

- The contribution of a library to a well-informed and literate community
- Presentation of collections of local significance
- Sense of pride and well-being

3.121 *Private good* is derived by people borrowing books, CD's etc from a library. They can be readily identified and so pay for their use of the facilities.

3.122 **Public/Private Good Ratio**

Public good	90%
Private good	10%

3.123 Council modified the allocation on the basis that there should be equal access for all users of libraries, especially as many users are children who would not be able to afford a higher level of user fees. Inappropriate user charging may decrease the number of users whilst costs remain constant.

3.124 Selection of Funding Tools

The funding tools are user charges and a targeted rate.

Cost allocation and funding tools	
	%
Public Good	90
Targeted rate	90
Private Good	10
Fees, fines and charges	10

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
Targeted rate on all rating units	100	
• Maniototo		0.6
• Rest of district		1

* Differential to recognise the agreement between Council and Maniototo Area School; will be reassessed each year.

Charging Policy	
Fees for	- adult fiction up to 12 months old
Fines for	- damaged, lost, overdue books
Charges for	- interdistrict loans
	- use of CD's, internet etc
Charges will be agreed annually as part of the Annual Plan.	

3.125 Council intends to phase out the adult fiction fee by 2007/08.

3.126 The targeted rate will be raised as a fixed amount, set under factor 6 of Schedule 2 and factor 7 of Schedule 3 of the Local Government (Rating) Act 2002 and the differential will be based on factor 5 of Schedule 2.

Other Property

3.127 This activity provides:

- administration buildings
- general property
- commercial property
- endowment land
- farms
- Medical Centre in Cromwell
- Resource Centre in Cromwell

3.128 It is engaged in because:

- commercial and operational property ownership is a discretionary function of local authorities under the Local Government Act 2002
- Council receives endowment land
- the Medical Centre in Cromwell meets a community expectation for provision of health services

The activity therefore contributes to the following community priorities:

- ease of doing business
- health
- economic development
- skills development

3.129 It is Council policy to continue with property required only for:

- core business
- endowment property
- strategic purposes

Other properties are being divested as appropriate.

3.130 “Strategic Purposes” in relation to property means any retention or purchase of land or buildings which contribute to any or all of the following:

- improving or maintaining the well-being of the community
- influencing developments in the district to ensure they are sympathetic both to the Central Otago brand and the long term plans of Council and the community
- maintenance and enhancement of the district’s character
- securing for future generations the nature that is Central Otago
- prevention of the loss of agrarian facilities
- preservation of heritage property, either land or buildings
- provision, or potential for provision, of an economic financial contribution to the district

3.131 Council wishes to continue providing administration services in Cromwell, Ranfurly and Roxburgh as well as in Alexandra and will therefore continue to operate Service Centres there.

3.132 Endowment property will be used:

- in a manner consistent with the conditions of the endowment; and
- to obtain the best long term benefit for all ratepayers in the district

3.133 **Public/Private Good Assessment**

Public Good	0%
Private Good	100%

3.134 The primary benefit from commercial property is the use of the property by tenants, which is a private good. Users can be identified and therefore pay for their use of the property.

3.135 **Public/Private Good Ratio**

Public Good	5%
Private Good	95%

3.136 This modification is necessary because

- not all property is tenanted all the time
- charging above market rental would be inequitable

3.137 Costs associated with administration buildings are recharged to services via overheads (see paragraph 3.138).

3.138 **Selection of Funding Tools**

The funding tools are rentals and LV rates, on a ward basis.

Cost allocation and funding tools		%
Public Good		5
LV rates, on a ward basis		5
Private Good		95
Rentals		95
Rating Policy The cost recovery by way of rating tools is achieved by applying the following policy:		
LV rate, set by each ward	%	Differential
	100	

The rate will be included in the ward services rate.

Overheads

3.139 This activity provides:

- Chief Executive's functions
- Finance and Rating functions
- Service centres
- Administrative functions
- Customer services
- Agency functions, such as petroleum tax administration

3.140 It is engaged in to:

- Allow the smooth running of Council's governance, statutory and discretionary functions

The activity therefore supports all community outcomes and priorities.

3.141 **Public/Private Good Assessment**

Public Good	95%
Private Good	5%

3.142 *Public good* is mainly derived from the efficient running of the local authority. The good is derived equally by all residents and it is impossible to assess the good on an individual basis.

3.143 *Private good* is mainly derived from residents requesting information for which the Council may legally charge. Users are readily identifiable and therefore may be charged for their use of the services.

3.144 **Public/Private Good Ratio**

Public Good	98%
Private Good	2%

3.145 The modification recognises that it is neither practical nor efficient to charge for all services.

3.146 **Selection of Funding Tools**

The funding tools are user charges and allocation of costs to functions based on expenditure or staff time charged; this is then funded by the appropriate funding tool used for each function.

Parks and Reserves

3.147 This activity provides:

- parks
- sports fields\courts
- reserves including green areas and walkways
- playgrounds
- public gardens
- dog exercise areas

3.148 It is engaged in because:

- provision of leisure facilities is a discretionary activity for local authorities under the Local Government Act 2002

- administration of reserves is a mandatory activity for local authorities under the Reserves Act 1977

The activity therefore contributes to the following community priorities:

- managing development impacts on landscape and natural ecosystems
- recreation
- health
- tourism

3.149 Public/Private Good Assessment

Public Good	90%
Private Good	10%

3.150 *Public Good* is mainly derived from:

- the health benefits of green space
- additional users create few extra costs
- a sense of public pride in parks and reserves which add to the area's attraction as a tourism venue

3.151 *Private Good* is derived by users of sportsfields and courts. Users can be readily identified and therefore charged for their use of the facilities.

3.152 Public/Private Good Ratio

No modification proposed, so the allocation remains as:

Public Good	90%
Private Good	10%

3.153 Selection of Funding Tools

The funding tools are targeted rates set by each ward and user charges for use of sportsfields and courts.

Cost allocation and funding tools		%
Public Good		90
Targeted rates, set by each ward		90
Private Good		10
User charges		10

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
Targeted rates, set by each ward * Cromwell ward applies a differential of 1 for urban, 0.6 for rural	% 100	Differential *

3.154 The use of targeted rates recognises that the public good is people-based. Rates will be assessed on a ward basis because of the discretion wards have in the level of provision of this activity.

3.155 The targeted rate will be assessed on each rating unit within a ward, using factor 6 in Schedule 2 and factor 7 in Schedule 3 of the Local Government (Rating) Act 2002. Rates will be assessed as a fixed amount. The differential in Cromwell will be applied using factor 6 in Schedule 2 of the Local Government (Rating) Act 2002.

Public Toilets

3.156 This activity provides for the operation and maintenance of public toilets around the district, including Council owned public toilets at Lake Dunstan.

3.157 It is engaged in because:

- it promotes health and hygiene in busy areas
- good facilities attract tourists, which in turn aids the economic development of the district
- public toilet provision contributes to the promotion of a clean environment
- there are very few public toilets provided by alternative providers

The activity therefore contributes to the following community priorities:

- health
- tourism
- economic development
- maintain essential services in local communities

3.158 Public/Private Good Assessment

Public Good	20%
Private Good	80%

3.159 *Public good* is mainly derived from:

- promotion of health and hygiene
- a cleaner environment
- increased visitors, assisting in the economic development of the district

3.160 *Private good* is mainly derived by users of the facilities. Unless payment mechanisms are placed on all WC's, or toilets are staffed 24 hours a day, it is not possible to identify users; it would be uneconomical and impractical to do either.

Private benefit is also gained by tour operators, cafes and shops. It is impossible to assess such benefit on an individual basis.

3.161 Public/Private Good Ratio

Public Good	100%
Private Good	0%

3.162 Council modified the allocation on the grounds that:

- there should be equal access to public toilets for all users
- the promotion of health and hygiene is very important
- provision of good quality public toilets assists in the attraction of visitors to the district, and the economic benefits of this are enjoyed by all residents
- it would not be cost effective to try and user charge public toilets

3.163 Selection of Funding Tools

Council has adopted a Public Toilet Strategy which defines public toilets for different categories. Depending on the category, toilets will be funded either on a district wide basis or by the ward in which the toilet is situated.

The funding tool is a LV rate district wide for district funded toilets, and a targeted rate linked to the relevant facility for ward funded toilets.

Cost allocation and funding tools		
	%	%
Public Good		100
LV rate (District funded)	100	100
(Ward funded)		in with facility

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
General district rate, based on LV	%	Differential
	100	-

Recreation Reserve Committees

3.164 This activity provides:

- local reserve areas, which are managed by Recreation Reserve Committees (RRCs)

3.165 It is engaged in because:

- administration of reserves is a mandatory activity for local authorities under the Reserves Act 1977
- use of RRCs is discretionary and reflects an opportunity to represent local interest in recreation activities, with reserve assets being operated to meet a community's needs and wishes
- recreation reserve areas provide sites for cultural, social and recreational pursuits
- many reserves provide services which attract tourists to the area, such as campers at Clyde and Omakau

The activity therefore contributes to the following community priorities:

- recreation
- health
- tourism
- maintain essential services in communities

3.166 **Public/Private Good Assessment**

Public Good	75%
Private Good	25%

3.167 *Public good* mainly derives from:

- the health benefits of green space
- additional users create few extra costs
- a sense of public pride in parks and reserves which add to the area's attraction as a tourism venue

3.168 *Private good* mainly derives from users of facilities such as camping grounds and farming activities. These users can be identified and therefore pay for their use of facilities.

3.169 **Public/Private Good Ratio**

Public Good	2%
Private Good	98%

3.170 Council makes this modification because it has delegated the activity and funding responsibility to the RRCs. But the 2% reflects reality in that a small rate requirement is still in existence for some of the RRCs. It is Council's intention to work with these RRCs to reduce the rate requirement to zero.

3.171 **Selection of Funding Tools**

The funding tools are user charges and a LV rate, on a ward basis.

Cost allocation and funding tools		%
Public Good		2
LV rate, ward basis		2
Private Good		98
User charges		98

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
LV rate, set by each ward	100	-

The rate will be included in the ward services rate.

Resource Management

3.172 This activity allows the controlled development of the district and protection of the natural environment. A variety of services are provided, including:

- subdivision consents
- land use consents
- District Plan
- LIMs (Land Information Memoranda)

3.173 It is engaged in because:

- provision of these activities is mandatory for local authorities under the Resource Management Act 1991

The activity therefore contributes to the following community priorities:

- managing development impacts on landscapes and natural ecosystems
- heritage
- economic development
- ease of doing business
- air
- Maori

3.174 Public/Private Good Assessment

This activity has three elements, being policy, consent issue and monitoring. The percentage of the rate ascribable to each will vary from year to year. But overall, Council assesses:

Public Good	79%
Private Good	21%

3.175 *Public good* is mainly derived from:

- protection from adverse environmental, cultural and social effects
- protection of public health and safety
- sensitive use of zoning
- control over development of new infrastructure

3.176 *Private good* is received by developers and other recipients of the various services. Recipients are readily identifiable and therefore pay for consents, designations and plan changes.

3.177 **Public/Private Good Ratio**

Public Good	68%
Private Good	32%

Council makes this modification because in a time of growth it wishes to retain the flexibility of income from fees and charges rather than the rigidity of income from rates. This flexibility allows Council to adjust staffing levels to accommodate demand for services.

3.178 **Selection of Funding Tools**

The funding tools are fees for services plus a district wide CV rate. The fees being user pays for consents and exacerbator pays for monitoring.

Cost allocation and funding tools		%
Public Good		68
CV rate, district wide		68
Private Good		32
Fees per service		32 *
Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
CV, district wide	100	
CV, district wide – electricity generators		See para 3.71

* Council waives resource consent fees for resource consents which are required for heritage items on activities in a heritage precinct which require consent because of the rules relating to heritage values, and resource consent fees with respect to Significant Natural Area (SNA) values where a resource consent is required purely because consent is required in terms of Rule 3.7.6k of the amended Proposed District Plan.

This waiver is additional to waivers available via the Proposed District Plan, policies 11.3.4 and 14.4.4.

3.179 A CV rate is deemed appropriate as it has the closest logical relationship to business activity and overall wealth.

Roading (Carriageway Maintenance)

3.180 This activity provides:

- bridge provision and maintenance
- maintenance and renewal of the roading network
- roadmarking
- sign posting
- street lighting
- accident studies
- rural numbering
- the services of a Road Safety Co-ordinator
- street cleaning

3.181 It is engaged in because:

- control of district roading is a discretionary function for local authorities under the Local Government Act 2002

The activity therefore contributes to the following community priorities:

- maintain essential services in local communities
- tourism
- transport and communications
- economic development
- recreation

3.182 Public/Private Good Assessment

Public Good	2%
Private Good	98%

3.183 *Public good* is derived mainly from access to the roading network.

3.184 *Private good* is derived by users of the roading network. Expenditure on roading is related to the number of users, which suggests user charging should be considered.

3.185 Public/Private Good Ratio

Public Good	50%
Private Good	50%

3.186 Council modified the allocation because:

- a safe environment is important and should be recognised as public good

- access to the roading network assists in the prosperity of an area ie the ability to take goods away for sale and receive needed goods is important. It is not possible to quantify this benefit on an individual basis
- there are no legal mechanisms currently available to local authorities to directly charge users of roading

3.187 The revised modification reflects the fact that Land Transport New Zealand contributes about 50% towards Council's roading activities. This contribution arises from fuel taxes etc, and so hence effectively represents, as closely as possible, user charging for private good.

To ensure Council achieves best value for money, it has decided to undertake the bulk of seal extensions every three years; it will, however, equalise the rate take over the three years, rather than all in year 1 and nothing in years 2 and 3.

3.188 Selection of Funding Tools

The funding tools are a district wide uniform annual charge and a district wide LV rate.

Cost allocation and funding tools		%
Public Good		50
LV rate and uniform annual charge		50
Private Good		50
Transfund subsidy		50

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
Uniform annual charge General district rate, based on LV	\$60 Balance	Differential * and para 3.71

- * Relating to small dams, and will be around 1% of the total roading rate. This differential ensures a fair and equitable contribution to the roading rate from such dams. Factor 1, Schedule 2 of the Local Government (Rating) Act 2002 applies.

Rural Fire

3.189 This activity provides for the operation of rural fire and includes:

- rural fire planning
- recruitment, training and management of the volunteer network
- operation and maintenance of the rural fire fleet, plant and equipment
- response to fire events

3.190 It is engaged in because:

- rural fire is a mandatory function for local authorities under the Forest and Rural Fires Act 1977

The activity therefore contributes to the following community priorities:

- maintain essential services in local communities
- air

3.191 **Public/Private Good Assessment**

Public Good 100%
Private Good 0%

3.192 *Public good* is mainly derived from:

- environmental protection
- protection of life, property, heritage
- costs associated with rural fire policy and management are largely independent of numbers of persons benefiting

3.193 Persons who obtain fire permits are readily identifiable as users. However, legislation does not allow users to be charged for fire permits.

3.194 When investigations indicate that a fire was started deliberately or by a person acting inadvisably, Council always seeks to recover costs associated with the suppression of the fire.

3.195 **Public/Private Good Ratio**

No modification proposed, so allocation remains as:

Public Good 100%
Private Good 0%

3.196 **Selection of Funding Tools**

The funding tool is a district wide CV rate.

Cost allocation and funding tools	
	%
Public Good	100
CV rate	100

Rating Policy The cost recovery by way of rating tools is achieved by applying the following policy:		
CV rate, district wide	% 100	Differential
CV rate, district wide - hydro dam		See para 3.71

Charging Policy For fire suppression, due to the deliberate or knowing actions or inactions of individuals or groups – Council will seek to reclaim all expenses involved in dealing with the incident
--

3.197 Council considers the rate should be assessed on capital value because it relates to property improvements as well as land. It is property improvements that are protected by a rural fire service, hence the use of a capital value rate.

Stormwater

3.198 This activity provides for the collection and disposal of urban stormwater.

3.199 It is engaged in because:

- it protects public health and safety by draining away water
- it ensures disposal to appropriate disposal areas
- the reticulation system in Cromwell was built at the time when Clyde Dam was constructed

The activity therefore contributes to the following community priorities:

- health
- transport and communications

3.200 Public/Private Good Assessment

Public Good	90%
Private Good	10%

3.201 *Public good* is mainly derived by the provision of a healthier environment.

3.202 *Private good* is derived by ratepayers connected to the schemes.

3.203 Public/Private Good Ratio

Public Good	100%
Private Good	0%

3.204 Council modified the allocations because it is not possible to identify the exact benefit to each property.

3.205 Selection of Funding Tools

The funding tool is a land value (LV) rate assessed on all urban rating units, on a ward by ward basis.

Cost allocation and funding tools	%
Public Good	100
LV rate	100

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
LV rate, set by ward - urban	%	Differential
LV rate, set by ward – rural	100	-
	0	See below

3.206 A LV rate recognises the effect of the service on property values, and more fairly represents the size of the property being serviced than any other available method.

3.207 Rural properties greater than 2 hectares will not be assessed for this rate as they do not receive the service. This differential is based on factors 4 and 6, Schedule 2 of the Local Government (Rating) Act 2002.

Swimming Facilities

3.208 This activity provides swimming facilities in:

- Alexandra
- Cromwell
- Roxburgh
- Ranfurly
- Millers Flat
- Naseby
- Ophir
- Clyde

3.209 This activity is engaged in because:

- Council believes it has a role to ensure cost effective access to swimming facilities
- the ability to swim is a skill needed by all residents of New Zealand because not only is it an island, but there are many rivers and streams throughout the country
- swimming facilities are a tourist attraction

The activity therefore contributes to the following community priorities:

- health
- recreation
- tourism
- maintain essential services in local communities

3.210 **Public/Private Good Assessment**

Public Good	23%
Private Good	77%

3.211 *Public good* derives primarily from:

- reduced risk of drowning if people can swim well
- healthier community

3.212 *Private good* is derived by users of swim facilities. Users can be readily identified and therefore charged for their use of facilities.

3.213 **Public/Private Good Ratio**

Public Good	80%
Private Good	20%

3.214 Council modified the allocations between public and private good because it believes there should be equal access for all users of facilities, especially as many users are children and persons on fixed incomes. Additionally, inappropriately high levels of user charging may decrease usage whilst costs would remain constant. The above percentages reflect the status quo.

3.215 **Selection of Funding Tools**

The funding tools are targeted rates set by each Ward (and differentiated in Cromwell between urban and rural rating units) and user charges.

Cost allocation and funding tools	
	%
Public Good	80
Targeted rates, set by each ward	80
Private Good	20
User charges	20

Rating Policy The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
Targeted rates, Ranfurly	100	-
Targeted rates, Roxburgh	100	-
Targeted rates, Cromwell – urban		1
Targeted rates, Cromwell – rural		0.6
Targeted rates, Alexandra	*	
Targeted rates, Earnscleugh	*	

* The Earnscleugh/Manuherikia Community Board recognises that residents of Earnscleugh derive benefit from the existence of the Molyneux Aquatic Centre, Alexandra. Each year it will negotiate with the Alexandra Community Board on the size of contribution to the Centre by Earnscleugh residents.

3.216 The use of targeted rates recognises that the public good is people-based. Rates will be assessed on a ward basis because of the discretion wards have in the level of provision of this activity.

3.217 The targeted rate will be assessed on each rating unit within a ward, using factor 6 in Schedule 2 and factor 7 in Schedule 3 of the Local Government (Rating) Act 2002. Rates will be assessed as a fixed amount.

3.218 The differential in Cromwell will be applied based on where the rating unit is situated (Schedule 2, factor 6 of the Local Government (Rating) Act 2002).

Utilities

3.219 Utilities only attract CV rates. Council has decided that utilities will be rated on a district wide basis, and private utilities will be rated at the same level as Council owned utilities ie no differential.

Waste Management

3.220 This activity provides:

- collection of domestic and commercial refuse
- litter bins
- provision, management and closure of landfills
- provision of transfer stations for disposal of solid waste
- provision of hazardous waste facilities
- monitoring of landfill sites and transfer stations
- support for Council's "zero waste" policy

3.221 It is engaged in because:

- kerbside collection of solid waste is a discretionary activity for local authorities under the Local Government Act 2002
- disposal of solid waste is a discretionary activity for local authorities under the Local Government Act 2002
- development of a Regional Waste Strategy is a mandatory activity for Regional Councils; local authorities must then develop a local waste strategy to support the goals of the regional strategy

The activity therefore contributes to the following community priorities:

- waste minimisation
- health
- tourism
- economic development
- maintain essential services in local communities

3.222 **Public/Private Good Assessment**

Public Good	37%
Private Good	63%

3.223 *Public Good* is mainly derived from:

- Safeguarding of the environment by encouraging correct disposal of waste
- aesthetic effect of litter bins reducing rubbish deposited in town streets
- increased likelihood of tourism because of lack of litter in towns and rubbish in rural areas
- monitoring of landfill sites prevents ecological disasters and preserves the environment for future generations
- a zero waste policy is socially, culturally and environmentally friendly

3.224 *Private good* is mainly derived from:

- kerbside collection of refuse. Users are readily identifiable and can therefore be charged for use of the service
- users of transfer stations. Users are readily identifiable and can therefore be charged for use of the service

3.225 **Public/Private Good Ratio**

Public Good	85%
Private Good	15%

3.226 Council modified the allocation because it believes it is more efficient and effective to rate people for refuse collection rather than try and introduce a charging system.

3.227 Selection of Funding Tools

The funding tools are user charges and a district wide targeted rate.

Cost allocation and funding tools		%
Public Good		85
Targeted rates, district wide		85
Private Good		15
User charges		15

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
	%	Differential
Targeted rate: <ul style="list-style-type: none"> • people not in a refuse collection scheme • people in rating units which have more than one wheelie bin 	100	No charge for refuse collection 75% of refuse collection charge for second and subsequent bins; 100% for the first

3.228 The targeted rate will be assessed using factor 5 of Schedule 2 and factors 7 and 8, Schedule 3 of the Local Government (Rating) Act 2002. It will be assessed as a fixed amount. A targeted rate is deemed appropriate as waste management is a people-based activity.

Wastewater

3.229 This activity provides for the collection and disposal of domestic and industrial wastewater at:

- Alexandra
- Cromwell
- Naseby
- Omakau
- Roxburgh
- Roxburgh Hydro
- Ranfurly

3.230 It is engaged in because:

- the collection and disposal of sewage is a discretionary activity for local authorities under the Local Government Act 2002
- it provides essential infrastructure for the maintenance of public health and protection of the environment

The activity therefore contributes to the following community priorities:

- health
- economic development
- maintain essential services in local communities

3.231 **Public/Private Good Assessment**

Public good	10%
Private Good	90%

3.232 *Public good* primarily derives from:

- protection of the environment
- maintenance of public health
- provision of infrastructure which promotes economic development in reticulated areas

3.233 *Private good* is derived by residents whose properties are connected to a scheme, or industrial ratepayers requiring disposal of tradewaste. The latter can be readily identified, and users can therefore pay a fee for use of the services.

3.234 Users of the wastewater system can also be readily identified; however, there are currently no practical and available user charging mechanisms.

3.235 **Public/Private Good Ratio**

Public Good	100%
Private Good	0%

3.236 Council modified the allocation on the grounds that:

- there is no legally available practical and efficient method to user charge
- public health and environmental concerns deliver an unquantifiable public benefit and, in the absence of legal charging mechanisms, are an acceptable reason for rating for the full cost of the wastewater system

3.237 **Selection of Funding Tools**

The funding tools are user charges for trade waste and targeted rates set by each ward, with a differential for second and subsequent water closets and urinals in commercial accommodation.

Cost allocation and funding tools	%
Public Good	100
Targeted rates, set by each ward	100

Rating Policy The cost recovery by way of rating tools is achieved by applying the following policy:		
Targeted rates, set by each ward	%	Differential
<ul style="list-style-type: none"> • rating units not connected to scheme and no connection available • rating units not connected to scheme but connection available • commercial accommodation units • other units 	100	NO CHARGE 50% of targeted rate 25% for the second and subsequent urinal or water closet; full charge for first water closet or urinal 1

Charging Policy Trade Waste – fee relating to 100% of costs

- 3.238 Targeted rates will be set under factors 1, 5 and 6 of Schedule 2 of the Local Government (Rating) Act 2002 and factors 7, 8 and 12 of Schedule 3 of the Act.
- 3.239 The use of targeted rates recognises that the public good is people-based. Rates will be assessed on a ward basis because of the discretion wards have in the level of provision of this activity.
- 3.240 The targeted rate will be raised as a fixed amount, differentiated as set out in paragraph 3.246.
- 3.241 Feasibility studies for new wastewater schemes will initially be funded from District balances. If a scheme goes ahead, costs will be recovered from the community of interest; if it does not, the costs will remain as a District charge.

Water

- 3.242 This activity provides water for
- domestic supply
 - fire protection
 - commercial/industrial/extraordinary use

3.243 It is engaged in because:

- section 130 of the Local Government Act 2002 requires authorities to continue supplying water to areas where they supplied water at 1 July 2003
- monitoring of community water supplies is a mandatory requirement for local authorities under the Health Act 1956
- it provides infrastructure for the maintenance of public health and promotion of economic development in reticulated areas

The activity therefore contributes to the following community priorities:

- water
- maintain essential services in local communities
- health
- economic development
- tourism

3.244 **Public/Private Good Assessment**

Public Good	42%
Private Good	58%

3.245 *Public good* is mainly derived from:

- maintenance of public health, particularly from monitoring of supplies
- infrastructure assists in the economic development of an area
- good, adequate supplies of water assist industry and farming, adding to the development of the district
- safe, adequate supplies of water assist in making the district attractive as a tourist destination
- proper maintenance of the infrastructure reduces loss of a valuable commodity, obviating the need for residents to pay high dollars to transport water from outside the area

3.246 *Private good* is mainly derived by consumers in the supply area. Users are identifiable and could therefore pay for the water consumed.

3.247 **Public/Private Good Ratio**

Public Good	95%
Private Good	5%

3.248 Council modified the allocations for the following reasons:

- the only way to charge consumers is to fit water meters in every property. This is expensive to set up and administer. Council believes this would be unpopular with ratepayers

- water is a major strategic resource, benefiting the district generally
- the rivers from whence water is taken for treatment flow throughout the district and it is not possible to ascribe an individual benefit from the resource

3.249 Selection of Funding Tools

The funding tools are water metering for “extraordinary” users and targeted rates for users, set by each ward. The definition of extraordinary will also be set by each ward.

3.250	Cost allocation and funding tools		
			%
	Public Good		95
	Targeted rates		95
	Private Good		5
	Metered water charges		5

Rating Policy		
The cost recovery by way of rating tools is achieved by applying the following policy:		
Targeted rates, by ward	%	Differential
<ul style="list-style-type: none"> • rating units not connected to supply and no connection available • rating units not connected to supply, connection available • rating units connected 	100	NO CHARGE
		50% of charge
		100% of charge

Charging Policy
Water meters will continue to be fitted for extraordinary users, such as orchards, hotels and factories.
Charges will be per unit of water used.

3.251 Targeted rates will be set under factors 5 and 6 of Schedule 2 of the Local Government (Rating) Act 2002 and factors 7 and 8 of Schedule 3 of the Act.

3.252 The use of targeted rates recognises that the public good is people-based. Rates will be assessed on a ward basis because of the discretion wards have in the level of provision of this activity.

3.253 The targeted rate will be raised as a fixed amount, differentiated as set out in paragraph 3.259.

3.254 Feasibility studies for new water schemes will initially be funded from District balances. If a scheme goes ahead, costs will be recovered from the community of interest; if it does not, the costs will remain as a District charge.

4. SUMMARY OF REVENUE AND FINANCING POLICY

ANNUAL PLAN ACTIVITY	FUNCTION/ ACTIVITY COST CENTRE	RESPONSIBILITY	RATE TYPE	BUDGETED COST \$'000s (2006/07)	RATES \$'000s (2006/07)
Democracy	Elected Members	District	<i>Uniform Annual Charge</i>	405	374
	Elections	District	<i>Uniform Annual Charge</i>	15	26
	Board Members	Community Board	<i>Targeted rate</i>	<u>349</u> 769	<u>349</u> 749
Housing and Property	Elderly Persons' Housing	District	<i>District general LV rate</i>	413	8
	Rental and Other Property	Community Board	<i>Ward general LV rate</i>	342	(144)
	Forestry	Community Board	NONE	<u>20</u> 775	0 (136)
Recreation and Cultural	Lake Dunstan (Clutha Management)	District	<i>Uniform Annual Charge</i>	106	69
	Libraries	District	<i>Targeted differential rate</i>	743	687
	Swimming Pools	Community Board	<i>Targeted rate</i>	1,043	639
	Facilities - halls, theatres, and stadia	Community Board	<i>Targeted rate</i>	514	393
	Grants – District	District	<i>District general LV rate</i>	85	64
	Grants - Local	Community Board	<i>Ward general LV rate</i>	247	123
	Recreation Reserve Committees	Community Board	<i>Ward general LV rate</i>	185	2
	Parks and Reserves	Community Board	<i>Targeted rate</i>	<u>1,130</u> 4,053	<u>1,092</u> 3,069
District Development	District Development	District	<i>District CV rate *</i>	422	422
	Economic Development	District	<i>District CV rate *</i>	166	166
	Tourism – Tourism Central Otago and Visitor Information	District	<i>District wide differential CV rate</i>	1,093	654
	Promotions and Events	Community Board	<i>Differential CV rate</i>	<u>181</u> 1,862	<u>181</u> 1,423
	Regional Identity	District	<i>District general LV rate</i>	-	
Planning and Environmental Services	Environmental Health and Building	District	<i>District CV rate *</i>	849	26
	Resource Management	District	<i>District CV rate *</i>	975	397
	Rural Fire	District	<i>District CV rate *</i>	179	174
	Dog Control and Registration	District	NONE	132	0
	Civil Defence	District	<i>District CV rate *</i>	<u>44</u> 2,179	<u>39</u> 636

ANNUAL PLAN ACTIVITY	FUNCTION/ ACTIVITY COST CENTRE	RESPONSIBILITY		RATE TYPE	BUDGETED COST \$'000s (2006/07)	RATES \$'000s (2006/07)
Roads, Streets and Bridges	Carriageway Management	District		<i>District general LV rate and uniform annual charge</i>	6,059	2,807
	Non-carriageway management	Community Board		<i>Ward general LV rate</i>	861	672
	• except noxious plants	District		<i>District general LV rate</i>	56	56
	• noxious plants	Community Board		<i>Ward general LV rate</i>	<u>397</u>	<u>346</u>
	Stormwater				7,373	3,881
Waste Management	Wheelie bin collections	District		<i>Targeted differential rate</i>	871	868
	Litter Bins	District			48	48
	Operation of landfills and transfer stations				<u>906</u>	<u>537</u>
					1,825	1,453
Wastewater	Alexandra, Bannockburn, Cromwell, Omakau, Naseby, Ranfurly, Roxburgh and Roxburgh Hydro	Community Board		<i>Differential targeted rate</i>	1,691	1,426
Water Supplies	Alexandra, Bannockburn*, Clyde, Cromwell, Ettrick*, Naseby, Omakau, Ophir, Patearoa, Ranfurly, Roxburgh and Roxburgh Hydro * The Council does not manage these schemes and has a limited role	Community Board		<i>Differential targeted rate</i>	2,251	1,837
Airports	Alexandra/Clyde, Cromwell, Roxburgh	District		<i>District general LV rate</i>	27	20
Cemeteries	Alexandra, Clyde, Cromwell, Naseby and Ranfurly	Community Board		<i>Targeted rate</i>	60	3
Public Toilets	Various	(i)	District	<i>District general LV rate</i>	143	143
		(ii)	Ward	<i>Targeted rate</i>	in with facility	-
Utilities Management					247	163

* Differential only in respect of electricity generators

5. COMMUNITY PRIORITIES

1. Water
2. Managing development impacts on landscape and natural ecosystems
3. Skills development
4. Maintain essential services in local communities
5. Heritage
6. Recreation
7. Economic development
8. Health
9. Housing
10. Transport and communications
11. Education
12. Ease of doing business
13. Low crime
14. Tourism
15. Maori
16. Arts and culture
17. Air
18. Waste minimisation

COMMUNITY PRIORITIES AND ACTIVITIES

ACTIVITY/OUTCOME	Water	Development Impacts	Skills Development	Essential Services	Heritage	Recreation	Economic Development	Health	Housing	Transport and Communications	Education	Ease of doing business	Low Crime	Tourism	Maori	Arts and Culture	Air	Waste Minimisation
Airports				y		y	y	y		y								
Cemeteries				y	y			y										
Civil Defence				y								y						
Cmty Bd funded roading				y			y			y		y	y					
Democracy	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
District Development		y	y	y	y	y	y							y				
Dog Control								y										
EPH								y	y									
Environmental Health								y	y			y		y			y	
Facilities					y	y					y			y		y		
Forestry		y				y												
Grants				y		y										y		
Lake Dunstan (Clutha)						y		y										
Libraries			y	y	y	y					y					y		
Other Property			y				y	y				y						
Overheads	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
Parks/reserves		y				y		y						y				
Public Toilets				y			y	y						y				
RRCs				y		y		y						y				
Resource Management		y			y		y					y			y			
Roading				y		y	y			y				y				
Rural Fire				y													y	
Stormwater								y		y								
Swimming Facilities				y		y		y						y				
Utilities Services Mgmt	y			y			y	y		y		y	y	y				
Waste Management				y			y	y						y				y
Wastewater				y			y	y										
Water	y			y			y	y						y				

ANNEX 1

GLOSSARY OF TERMS

These definitions are intended to define terms used in the Revenue and Financing Policy in plain English. For legal definitions see the Local Government (Rating) Act 2002 and the Local Government Act 2002.

Annual Plan	A plan that describes what activities the Council will do, the reasons for doing them, the performance measures used and how much revenue and expenditure it needs to undertake each activity.
Activities	All the things that the Council does. This Revenue and Financing Policy lists 27 separate activities.
Capital Expenditure	Expenditure that will increase the value of the Council's assets.
Capital Value	Market value of the land plus improvements at the time of valuation.
Community Boards	Local elected bodies set up under the Local Government Act. Central Otago District Council has five Community Boards – Alexandra, Cromwell, Roxburgh, Maniototo and Earnsclough/Manuherikia.
CV	Capital Value.
Differential Rates	Council may raise and assess rates based on differentials. This means that rates on specified types or groups of property may vary from rates on other types or groups of properties. Differentials must be based on factors set out in the Local Government (Rating) Act 2002.
Efficiency	A test of whether a system of funding tools uses a reasonable amount of resources to allocate costs.
Exacerbator	A person who directly causes negative effects that cost money to control.
Excludability	Benefits are to particular users; others can be excluded. An excludable function is likely to be a private good.

General Rates	A rate levied for the general purposes of the local authority. Council may set and assess a general rate on every rating unit. This may be: <ul style="list-style-type: none"> - A uniform rate in the dollar of property value on all properties; or - A differential rate in the dollar of property value on all properties; or - A uniform annual charge per rating unit
Infrastructure	Roads, bridges, water supplies, drainage systems, buildings, landfills and transfer stations
Intergenerational Equity	The idea that the cost of a service should be fairly spread over its life, so that all people who benefit contribute a fair share.
Land Value	Market value of the land at time of valuation.
Local Government Act 2002	The law that defines the powers and responsibilities of territorial local authorities like Central Otago District Council.
Long Term Council Community Plan (LTCCP)	This describes the activities of a Council and the community outcomes in its district. It provides integrated decision making and co-ordination of the resources of the Council, and provides a long term focus for the decisions and activities of the Council.
LV	Land Value.
Non-excludability	Benefits may be to particular users, but it is not possible or practicable to identify and charge them. This is a practicable reason for public good funding.
Non-rivalness	Once a benefit is provided a large number of people can use it at little or no extra cost. Non-rivalness is an indicator of public good.
Operating Expenditure	Expenditure for the normal services of the Council.
People-based Benefit	A benefit that people can enjoy without owning property.
Practicability	A test of whether a funding tool is lawful and whether it will allocate costs in a desired way.

Prestige Values	Values that attach to the fact that some object or function may contribute to a sense of civic pride felt by individuals whether or not the facility is ever seen or used by them. (Stadia or civic centres are potential examples.)
Private Good	The extent to which a service directly benefits individual rather than the community as a whole. Private good is an indicator that users should pay.
Property-based Benefit	A benefit that accrues to people because they own property. It may be a service to property or an activity that benefits property values.
Public Good	The extent to which a service benefits the community as a whole rather than individuals. Public good is an indicator that ratepayers should pay.
Public/Private good assessment	An assessment, on economic grounds, of the percentages of public and private good delivered by the service.
Public/Private good ratio	Council's modification of the above, after taking into account social, environmental and cultural factors.
Rates	Funds collected by the Council from taxes on property. These are based on capital value or land value of the property but the term is often used to include Uniform Annual Charges.
Reticulated Services	Water supplies, sewerage systems and stormwater drainage systems.
Revenue and Financing Policy	The Revenue and Financing Policy is about who should pay for the Council's activities. The Revenue and Financing Policy outlines who will benefit from each activity and who should pay for it, taking account of fairness and what is practical.
Rivalness	Rivalness exists where consumption of a service by an individual reduces the amount of service available to others and the service provided needs to produce more outputs to satisfy other users. Rivalness is an indicator of private good.
Solid Waste Disposal	Disposal of waste at landfills and transfer stations.

Targeted Rate	Income to the Council for specific services by a tax of an equal amount on each rating unit that uses these services (this charge does not vary with value of the unit).
Transparency	A test of whether people who pay for activities can see where their money is allocated.
UAC	Uniform annual charge.
Uniform Annual Charge	Income to the Council for general use by a tax of an equal amount on each rating unit (this charge does not vary with value of the unit).
User Charges	Income to the Council by fees paid by those who use specific services provided by the Council.
Utilities	Telecommunication lines, power lines, water and sewer pipes.

B. RATING POLICIES

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RATING POLICIES

1. PAYMENT OPTIONS

1.1 Rates may be paid by:

- cash
- cheque
- eftpos (excluding from a credit card account)

during the hours of 8.30 am to 4.00 pm, Monday to Friday at any of the following:

Council Offices, William Fraser Building, Dunorling Street, Alexandra
Cromwell Service Centre, 42 The Mall, Cromwell
Roxburgh Service Centre, 120 Scotland Street, Roxburgh
Maniototo Service Centre, 15 Pery Street, Ranfurly

1.2 Rates may be paid by:

- automatic payment
- direct debit
- telephone initiated direct credit

by prior arrangement with the Rates Department on 03 440 0617.

1.3 Credit card payments will only be accepted from overseas ratepayers by prior arrangement.

1.4 Rates may be paid on the Internet via www.codc.govt.nz There will be a service charge payable direct to Council's bankers by ratepayers who use this option.

2. DUE DATES FOR PAYMENT OF RATES

2.1 Rates will be payable in four (4) instalments, with due dates as follows:

Instalment	Due date
1	mid August
2	mid November
3	mid February
4	mid May

The actual instalment dates will be notified annually in the Rates Assessment.

3. EARLY PAYMENT OF RATES

- 3.1 Early payment of all rates assessed in the current financial year may be made at any time.
- 3.2 A discount of 2.5% will be given if payment is made in full on or before the due date for the first instalment of the year.

4. PENALTIES ON RATES

- 4.1 Penalties for unpaid rates will be applied as follows:
- 10% on any outstanding amount of any instalment not paid by the due date
 - 10% on amounts outstanding from earlier years, such penalty being applied on 1 October and 1 April
- 4.2 Requests for waiver of penalties should be sent, in writing, to the Corporate Services Manager.

5. MAORI FREEHOLD LAND

- 4.1 Central Otago District Council has no Maori freehold land and therefore has no policy relating to rates relief thereon.

6. INSPECTION OF AND OBJECTION TO RATING INFORMATION AND RECORDS

- 6.1 The Complete Rating Information Database (CRID) and related rates records are available for inspection between 8.30 am to 4.00 pm, Monday to Friday at any of the following:

Council Offices, William Fraser Building, Dunorling Street, Alexandra
Cromwell Service Centre, 42 The Mall, Cromwell
Roxburgh Service Centre, 120 Scotland Street, Roxburgh
Maniototo Service Centre, 15 Pery Street, Ranfurly

- 6.2 Any interested person may inspect the CRID. Inspection is free but there will be a fee payable for the supply of particulars from the CRID.
- 6.3 The following persons may inspect the rates records for a rating unit:
- the ratepayer
 - anyone authorised, in writing, by the ratepayer to do so
 - any person who has become liable to pay the rates under the recovery provisions of the Local Government (Rating) Act 2002

- a solicitor, landbroker or real estate agent
 - any member of the public with respect to rates assessed, but not including arrears, remissions or postponed rates
- 6.4 Any ratepayer named in the Rating Information Database (RID) can object to the information in the RID on the following grounds:
- a rating unit listed in the district valuation roll (DVR) has been omitted from the RID
 - information from the DVR has been omitted or incorrectly entered in the RID
 - information entered in the RID (other than information from the DVR) is incorrect
 - a lawful amendment to the DVR has not been entered in the RID
- 6.5 Objections to the rates records of a rating unit may only be made by:
- the ratepayer, or
 - someone who has become liable to pay the rates on the unit under the recovery provisions
- 6.6 Objections to rates records may only be made on the following grounds:
- the rates have been incorrectly calculated, or
 - the balance shown as owing on the rating unit is incorrect
- 6.7 The Council will notify objectors in writing of its decision regarding an objection.

7. POSTPONEMENT OF RATES

- 7.1 The objective of the Council's policy on postponement of rates is to assist ratepayers experiencing extreme financial circumstances which affect their ability to pay rates.
- 7.2 Only rating units used solely for residential purposes (as defined by the Council) will be eligible for consideration for rates postponement for extreme financial circumstances.
- 7.3 Only the ratepayer, or his/her authorised agent, may make application for rates postponement. Such application must be in writing.
- 7.4 The ratepayer must have owned the rating unit for at least five years.

- 7.5 When considering whether extreme financial circumstances exist, all of the ratepayer's circumstances will be relevant, including:
- age
 - physical and/or mental disability
 - injury or illness
 - family circumstances
- 7.6 Additionally, Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for:
- normal health care
 - proper provision for maintenance of his/her home and chattels at an adequate standard
 - normal day to day living expenses
- 7.7 Any postponed rates will be postponed until:
- the death of the ratepayer; or
 - the sale of the rating unit
- 7.8 Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.
- 7.9 Postponement of rates will apply from the beginning of the rating year in which the application is made.
- 7.10 Postponed rates will incur a postponement fee, equivalent to interest calculated on the total amount postponed at 30 June each year, plus an administrative charge. The interest will be calculated at Council's internal investment rate, as used for internal loans.

8. REMISSION OF RATES

- 8.1 The general objectives of the Council's policy on remission of rates are to:
- mitigate the effects of anomalies and inequities in its rating system ie fairness and equity, ie economic well-being
 - assist new and existing businesses to increase their contribution to district employment ie social and economic well-being
 - assist conservation of natural, historic and cultural resources ie environmental and cultural well-being

Specific objectives are set out in each element of the policy.

Remission of Penalties

- 8.2 The objective is to enable Council to act fairly and reasonably in its consideration of rates which have not been received by the due date due to circumstances outside a ratepayer's control.
- 8.3 Remission of penalty will be considered in the case of death, illness or accident of a close family member (as defined by Council) as at the due date.
- 8.4 Remission of penalty will be considered if the ratepayer is able to provide evidence that payment has gone astray in the post or by failure to act by a bank in the case of automatic payments, or Council has sent the rates demand to the wrong address.
- 8.5 Remission of penalty will be considered where the penalty has been incurred during the processing of settlements following changes in ownership of rating units.
- 8.6 Application for remission of penalty must be in writing to the Council.

Remission of Uniform Annual Charges and Fixed Charge Targeted Rates on Rural Rating Units

- 8.7 The objective is to prevent a ratepayer paying several uniform annual charges and fixed charge targeted rates on rural land where:
- land is contiguous, farmed as a single entity but is owned by more than one family member, including a family trust (but excluding a limited liability company)
- 8.8 Application for remission of uniform annual charges must be in writing to the Council. It will not be necessary to reapply each year unless circumstances change.
- 8.9 Remission will include any targeted rate set on the basis of a fixed dollar charge per rating unit, as well as any uniform annual charges.
- 8.10 The ratepayer will remain liable for at least one set of each charge.
- 8.11 Remission of uniform annual charges and fixed charge targeted rates, where granted, will take effect from the commencement of the next rating year.
- 8.12 Remissions will not be granted where the Council views the contiguous properties as held for investment purposes; for example, where a new deposited plan has been approved. [Refer also to the Council's policy on remission for development land - paragraphs 8.43ff.]

- 8.13 Where a remission of uniform annual charges and fixed charge targeted rates has been granted to a rating unit, and that remission ceases to be applicable through change in ownership or usage, the rating unit will be charged a proportion of the targeted rates and uniform annual charges applicable for the remainder of the year, commencing from the beginning of the next rating instalment period.

Remission for extreme financial hardship

- 8.14 The objective is to assist ratepayers who experience temporary extreme financial circumstances which affect their ability to pay rates.
- 8.15 Application must be in writing, on the prescribed form (available at Council offices). This is to enable Council to verify that extreme financial circumstances exist.
- 8.16 Council may remit some or all of the rates due, based on its assessment of the situation.

Remission for anomalous and/or iniquitous rates increases

- 8.17 The objective is to allow Council to mitigate the effects of:
- changes in funding policies
 - changes arising from general revaluation of the district's rating units
 - changes in legislation
 - changes arising from unforeseen and/or unusual circumstances
- 8.18 Council will each year receive a report, as part of its Annual Plan process, detailing properties which, unless remissions were granted, would suffer an anomalous or iniquitous rates increase in the year to which the Annual Plan relates.
- 8.19 Council may remit such part of the potential increase as it sees fit, subject to such remission not being so great that the rating unit pays a lesser increase than the average for the Ward or District.
- 8.20 Ratepayers eligible for such remission will be notified in writing before the first instalment falls due. However, ratepayers not so notified may make application in writing for such remission.

Remission of rates on rural land with a capital value less than \$600

- 8.21 The objective is to recognise that undeveloped rural land with a capital value below \$600 should only pay minimum rates.
- 8.22 To qualify, ratepayers must hold other land in the district on which full rates are payable.
- 8.23 The minimum rate may vary, but is currently deemed to be \$10.

8.24 Ratepayers eligible for such remission will be notified in writing before the first instalment falls due.

Remission of rates on land protected for natural, historic or cultural conservation purposes

8.25 The objective is to preserve and promote natural resources and the district's heritage.

8.26 Applications must be made in writing to the Council. Applications must be supported by documentary evidence of the protected status of the rating unit.

8.27 In considering an application for remission, Council will apply the following criteria:

- the extent to which the preservation of natural, cultural or historic heritage will be promoted by the granting of a rates remission
- the degree to which features of natural, cultural or historic heritage are present on the land
- the degree to which features of natural, cultural or historic heritage inhibit the economic utilisation of the land

8.28 Council will decide what amount of rates to be remitted on a case by case basis, subject to a maximum of 30% of rates assessed in a year.

8.29 In granting a remission, Council may specify certain conditions. Applicants will be required to agree in writing to any such conditions, and to pay any remitted rates if the conditions are violated.

8.30 Ratepayers are only eligible to apply for this remission if they voluntarily protect any features of cultural, natural or historic heritage.

8.31 Land that is non-rateable under section 8 of the Local Government (Rating) Act 2002 and is liable only for rates for water supply, sewage disposal or refuse collection will not qualify for remission under this part of the policy.

Remissions for community, sporting and other organisations

8.32 The objective is to:

- assist the organisation's survival, and
- make membership of the organisation accessible to the general public, particularly disadvantaged groups

8.33 Part 2 of Schedule 1 of the Local Government (Rating) Act 2002 makes land 50% non-rateable where it is:

- owned or used by a society incorporated under the Agricultural and Pastoral Societies Act 1908 as a showground or place of meeting
- owned or used by a society or association of persons (whether incorporated or not) for games or sports, except galloping races, harness races or greyhound races
- owned or used by a society or association of persons (whether incorporated or not) for the purpose of any branch of the arts

Such land is still liable to pay any uniform annual charges or targeted rates for water supply, sewage disposal or refuse collection.

- 8.34 The definition of land does not include land used for the private pecuniary profit of any members of the society or association.
- 8.35 Council will treat land in paragraph 8.34 in the same manner as land in paragraph 8.33.
- 8.36 Ratepayers receiving rates remission under paragraph 8.35 will be notified in writing before the first instalment falls due.

Remission for Crown land used for private or commercial purposes

- 8.37 The objective is to ensure lessees using Crown land for private or commercial use do not pay unreasonable levels of rates.
- 8.38 Part 1 of Schedule 1 of the Local Government (Rating) Act 2002 states that Crown land is non-rateable, but excludes land used primarily or exclusively for private or commercial purposes under a lease, licence or other agreement.
- 8.39 Applications for remission under this part of the policy must be in writing to the Council. Applications should give evidence as to why it is unreasonable for the ratepayer to be assessed for rates on the land.

Remission for land affected by natural disasters

- 8.40 The objective is to provide relief to ratepayers whose land or property has been seriously adversely affected by a natural disaster. A natural disaster is considered as including, but not necessarily limited to, flooding, earthquake damage, wildfire or storm.
- 8.41 Applications for remission under this part of the policy must be in writing to the Council. Applications should give evidence as to why the ratepayer's enjoyment of the land or property has been seriously adversely affected by the natural disaster.
- 8.42 This part of the policy will only be relevant if the natural disaster had a widespread effect in the district.

Remission for development land

- 8.43 The objective is to ensure that unsold development land which is in one parcel, but has separate valuation assessment numbers, does not pay more than one set of uniform annual charges and fixed charge targeted rates.
- 8.44 Applications under this part of the policy must be in writing to the Council.
- 8.45 Any remission granted shall be for two (2) years.
- 8.46 For each development (defined as one deposited plan):
- in year 1 the ratepayer shall pay uniform annual charges and fixed charge targeted rates on one allotment and receive 100% remission on second and subsequent allotments
 - in year 2 the ratepayer shall pay uniform annual charges and fixed charge targeted rates on one allotment and receive 50% remission on second and subsequent allotments
- 8.47 Remission shall cease for any allotment if:
- any interest in the land is passed by the developer to another party, or
 - an application for a building consent is granted, or
 - the land is developed in some other way

Remission ceases from the end of the quarter in which any of these events occur.

Remission for business development

- 8.48 The objective is to promote employment and economic development within the district by assisting new businesses (ie. not in competition with existing businesses) and/or the expansion of existing businesses.
- 8.49 This part of the policy applies to:
- commercial and/or industrial development that involves the construction, erection or alteration of any building, fixed plant and machinery, or other works intended to be used for industrial, commercial or administrative purposes. Investment in capital improvements (excluding the cost of the land) must be in excess of \$1,000,000 and significant new employment opportunities created
 - Residential developments are specifically excluded from consideration for remission under this part of the policy

- 8.50 Applications must be made in writing to the Council and must be supported by:
- a description of the development
 - a plan of the development (where possible)
 - an estimate of costs
 - an estimate of the likely number of new jobs to be created by the development
- 8.51 Any rates remission granted will apply during the course of the development for a period of up to three (3) years.
- 8.52 The amount of remission to be granted will be on a case by case basis, subject to a maximum of 50% of rates assessed.
- 8.53 In granting any remission under this part of the policy the Council may specify certain conditions before the remission will be granted. Applicants will be required to agree in writing to such conditions and to pay any remitted rates if the conditions are violated.

General

- 8.54 All applications for remissions will be considered in the first instance by the Corporate Services Manager. In certain cases, particularly requests for remission for:
- business development
 - land protected for natural, historic or cultural conservation purposes
 - land affected by natural disaster
- the application will be referred to Council for a decision.
- 8.55 All applications considered by Council will be discussed in open session, or the results of its deliberations in closed session will be disclosed in open session at its next meeting.

9. DELEGATIONS

- 9.1 Section 132 of the Local Government (Rating) Act 2002 allows Council to delegate the exercise of functions, powers or duties conferred by the Act to any specific officer of the Council. It cannot delegate:
- the power to delegate, or
 - any of the powers to set and assess rates or replacement rates

- 9.2 Council has put in place the following delegations:
- 9.2.1 The decision whether disclosure of a name is necessary to identify a rating unit (s28 (2) of the Act) – to the CEO and Corporate Services Manager, acting singly
 - 9.2.2 Authority to determine the fee payable for supplying a copy of the Rates Information Database (RID) (Section 28 (3) of the Act) – to the Corporate Services Manager
 - 9.2.3 Authority to determine objections to the RID – to the CEO, Corporate Services Manager and Accountant, any two acting jointly
 - 9.2.4 Authority to remove names from the RID (Section 35 (b) of the Act) – to the Corporate Services Manager and Accountant, acting singly
 - 9.2.5 Authority to determine objections to rates records (Section 39 of the Act) – to the CEO, Corporate Services Manager and Accountant, any two acting jointly
 - 9.2.6 Authority to correct errors in RIDs and Rate Records (Section 40 of the Act) – to the Corporate Services Manager, Accountant and Rates Officer, any two acting jointly
 - 9.2.7 Authority to fix the interest rate to be charged on reassessed rates (Section 41 (3) of the Act) – to the Corporate Services Manager
 - 9.2.8 Authority to issue invoices based on previous year's rates (Section 50 of the Act) – to the Corporate Services Manager and Accountant, acting singly
 - 9.2.9 Determine agreeable method of rates payments (Section 52 (2) of the Act) – to the Corporate Services Manager
 - 9.2.10 Authority to recover unpaid rates from owner (Section 61 (1) of the Act) – to the Corporate Services Manager, Accountant and Rates Officer, any two acting jointly
 - 9.2.11 Authority to recover unpaid rates from persons other than owners (Section 62 of the Act) – to the Corporate Services Manager, Accountant and Rates Officer, any two acting jointly
 - 9.2.12 Authority to commence proceedings for unpaid rates (Section 63 of the Act) – to the CEO and Corporate Services Manager, acting jointly
 - 9.2.13 Commencement of rating sale or lease provisions (Section 67 of the Act) – to the CEO and Corporate Services Manager, acting jointly

- 9.2.14 Authority to sell by private treaty (Section 72 of the Act) – to the CEO and Corporate Services Manager, acting jointly
- 9.2.15 Authority to sell abandoned land (Section 77 to 83 of the Act) – to the Corporate Services Manager and Accountant, acting jointly
- 9.2.16 Authority to administer remission and postponement policies (Sections 85/87/114/115 of the Act) – to the Corporate Services Manager
- 9.2.17 Authority to impose penalties on unpaid rates (Section 57 and 58 of the Act) - to the Corporate Services Manager

ANNEX

EXTRACT FROM

LOCAL GOVERNMENT (RATING) ACT 2002

Schedule 2

Matters that may be used to define categories of rateable land

1. The use to which the land is put.
2. The activities that are permitted, controlled, or discretionary for the area in which the land is situated, and the rules to which the land is subject under an operative district plan or regional plan under the Resource Management Act 1991.
3. The activities that are proposed to be permitted, controlled, or discretionary activities, and the proposed rules for the area in which the land is situated under a proposed district plan or proposed regional plan under the Resource Management Act 1991, but only if –
 - (a) no submissions in opposition have been made under clause 6 of the First Schedule of that Act on those proposed activities or rules, and the time for making submissions has expired; or
 - (b) all submissions in opposition, and any appeals, have been determined, withdrawn, or dismissed.
4. The area of land within each rating unit.
5. The provision or availability to the land of a service provided by, or on behalf of, the local authority.
6. Where the land is situated.
7. The annual value of the land.
8. The capital value of the land.
9. The land value of the land.

Schedule 3

Factors that may be used in calculating liability for targeted rates

1. The annual value of the rating unit.
2. The capital value of the rating unit.
3. The land value of the rating unit.
4. The value of improvements to the rating unit.
5. The area of land within the rating unit.
6. The area of land within the rating unit that is sealed, paved, or built on.
7. The number of separately used or inhabited parts of the rating unit.
8. The extent of provision of any service to the rating unit by the local authority, including any limits or conditions that apply to the provision of the service.
9. The number or nature of connections from the land within each rating unit to any local authority reticulation system.
10. The area of land within the rating unit that is protected by any amenity or facility that is provided by the local authority.
11. The area of floor space of buildings within the rating unit.
12. The number of water closets and urinals within the rating unit.

C. SIGNIFICANCE POLICY

1. INTRODUCTION

1.1 Section 90 of the Local Government Act 2002 (the Act), requires every local authority to adopt a policy on significance.

1.2 Section 5 of the Act defines significance and significant as:

“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.”

2. GENERAL APPROACH TO DETERMINING WHICH PROPOSALS ARE SIGNIFICANT (S.90(1)(A))

2.1 When determining the question of the significance of proposals and decisions in relation to issues, assets or other matters the Council will determine the extent to which:

- The consequences or impacts of the issue, assets, or other matters, impinge on a large number of residents and ratepayers to a moderate or greater extent;
- The consequences or impacts of the issue, assets, or other matters, impinge on a small number of residents and ratepayers to a large extent; and
- The issue, asset, or other matters have a history of generating wide public interest within Central Otago, the Otago Region or New Zealand generally.

2.2 The Central Otago District Council will also consider the likely impact of decisions on:

- (a) the current and future social, economic, environmental, or cultural well-being of the district;

- (b) the achievement of, or ability to achieve, the Council's strategic issues and objectives as set out in the Long Term Council Community Plan;
- (c) the capacity of the local authority to perform its role and carry out its activities, now and in the future; and
- (d) the financial, resource and other costs of the decision.

3. THRESHOLDS, CRITERIA AND PROCESSES FOR DETERMINING WHICH PROPOSALS AND DECISIONS ARE SIGNIFICANT (S.90(1)(B))

3.1 When undertaking a process to determine the extent to which issues, proposals, decisions or other matters are significant, the Council will use the following thresholds, criteria and procedures:

Thresholds:

- Issues, assets, or other matters that incur more than \$1,200,000 of budgeted or \$150,000 of unbudgeted non-routine expenditure, income or change in separate account balances, where Council considers it has not already undertaken sufficient consultation; non-routine means changes that do not impact on levels of service;
- Any transfer of ownership or control, or the construction, replacement or abandonment, of a strategic asset as defined by the Act or listed in this policy;
- A decision that will, directly or indirectly, significantly affect the capacity of the Council to carry out any activity identified in the Long Term Council Community Plan;
- Entry into any partnership with the private sector to carry out a significant activity; and
- Council owns a number of assets and groups of assets that it considers to be strategic; however, not all trading decisions made regarding these assets are regarded as significant nor do they affect the assets strategic nature. For example, the roading network is strategic, but small parcels of land that make it up may not be, and the purchase or sale of such small pieces of land may not amount to significant decisions.

Criteria:

- Whether the asset is a strategic asset within the meaning of the Act or listed in this policy.
- The extent to which there is, or is likely to be, a change in the level of service in carrying out any significant activity.

- The extent to which there is, or is likely to be, a change in the way in which any significant activity is carried out.
- The extent to which there is, or is likely to be, a change in the capacity of the Council to provide any significant service or carry out any significant activity.

Procedures:

- Decisions on significance will be made in accordance with Council's Standing Orders and Delegations Register.

4. STRATEGIC ASSETS AND GROUPS OF STRATEGIC ASSETS

4.1 As set out in Section 5 of the Local Government Act 2002, strategic asset means:

“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”*

4.2 The assets and groups of assets in terms of s.90(2) that Central Otago District Council considers to be strategic are:

- The Council roading network as a whole;
- The land and buildings comprising the Alexandra office, and the Ranfurly, Roxburgh and Cromwell Service Centres;
- Council owned elderly persons housing in the district as a whole;
- Reserves listed and managed under the Reserves Act; and
- Council water and wastewater networks as a whole.

4. OTHER STATUTORY PROVISIONS

4.1 The following do not form part of the Council’s policy on significance; however, they are a range of the sort of other matters which are listed in the Act which require various levels of statutory consultation:

- Establishing a council controlled organisation [s.56];
- Adoption, review or amendment of any bylaw [s.86];
- Any proposal for an alteration in the mode by which a significant activity is undertaken by or on behalf of the Council [88(1)];
- Adoption of the Council's Long Term Council Community Plan [s.93(2)];
- Alteration to the Council's Long Term Council Community Plan[s.93(5)];
- Adoption of the Council's Annual Plan [s.95(2)];
- Adoption or amendment of the Council's policy on significance [s.90(4) and s.103-s.108];
- Adoption or amendment of the Council's funding and financial policies [s.102(4)];
- Assessment of the Council's water and other sanitary services [s.125];
- Entry into a partnership or joint venture for the provision of water services [s.137]; and,
- Disposal of a park [s.138].

4.2 This section is provided for information only.

D. LIABILITY MANAGEMENT POLICY

INDEX

- 1 Introduction
- 2 Objectives
- 3 Policies
 - 3.1 General
 - 3.2 Interest Rate Exposure
 - 3.3 Liquidity Policy
 - 3.4 Credit Exposure
 - 3.5 Debt Repayment
 - 3.6 Borrowing Limits
 - 3.7 Security
- 4 Internal Loans
- 5 Authorised External Borrowing Sources

Schedule 1: Treasury responsibilities, compliance and controls

1 INTRODUCTION

1.1 Sections 102(4)(b) and 104 of the Local Government Act 2002 (the Act) require local authorities to adopt a liability management policy. Sub Part 4 of Part 6 of the Act (Sections 112 to 122) sets out the statutory framework for local authority borrowing.

1.2 The statutory definition of borrowing is:

"Borrowing"--

"(a) Means the incurring by any means of debt to raise money; and

"(b) Includes the incurring of debt--

"(i) Under any contract or arrangement for hire purchase, deferred payment, instalment payment, sale and lease back or buy back, financial lease, loan, overdraft, or other arrangement for obtaining debt finance; or

"(ii) By the drawing, acceptance, making, endorsement, issue, or sale of bills of exchange, promissory notes and other negotiable instruments and debt securities; or

"(iii) by the use, for any purpose, of funds received or invested by the local authority for any other purpose if the local authority has resolved to repay, with or without interest, the funds used; but

- "(c) Does not include debt incurred in connection with the hire purchase of goods, the deferred purchase of goods or services, or the giving of credit for the purchase of goods or services, if—
- "(i) The period for which the indebtedness is outstanding is less than 91 days and the indebtedness is not incurred again promptly after payment; or
- "(ii) The goods or services are obtained in the ordinary course of the local authority's performance of its lawful responsibilities, on terms and conditions available generally to parties of equivalent credit worthiness, for amounts not exceeding in aggregate an amount—
- "(A) Determined by resolution of the local authority as not being so significant as to require specific authorisation; or
- "(B) Recorded for the purposes of this subparagraph of this paragraph of this definition in the then current borrowing management policy of the local authority; and "borrow" has a corresponding meaning:"

1.3 This policy will be reviewed triennially at the first Council meeting following a local government election.

1.4 The policy recognises that Council has a strong preference for certainty in relation to debt repayment, is averse to risk and wishes to avoid administrative complexity.

2 OBJECTIVES

2.1 The objectives of this policy are:

- To ensure Council has appropriate working capital funds available to carry out its strategic plans as outlined in the Annual Plan and Long Term Council Community Plan.
- To ensure that the costs of any expenditure can be recovered at the time that the benefits of that expenditure accrue in accordance with Council's revenue and financing policies. In particular, debt will normally be used to fund capital expenditure that provides future service benefits.

3 POLICIES

3.1 General

3.1.1 The Council will raise debt only in relation to its strategic plan and core objectives after having first ascertained that there are no readily available uncommitted funds as outlined below:

- Cash investments under the control of the Community Board or Committee responsible for the particular activity (repay by funded depreciation or internal loan methods).
- Cash investments under the control of the Council (repay by funded depreciation or internal loan methods).

3.1.2 External loans will normally be repaid as soon as possible from funds generated by operations and depreciation rated for and not otherwise committed, in accordance with revenue and financing policies.

3.2 Interest Rate Exposure

3.2.1 Given the Council's preference for certainty, interest rate risk/exposure will normally be managed by:

- Ensuring the term of the loan will span at least one financial year, with a preference for longer terms;
- Varying the maturities so that no more than 30% of debt will mature in any one financial year (based on a rolling 12 month basis); and
- Incidental arrangements may be entered into on advice from appropriate financial advisers, but subject to any limitations contained elsewhere in this policy.
- Such incidental arrangements shall include:

Forward Rate Agreement (FRA)

An agreement between CODC and a counterparty (usually a bank) protecting CODC against a future adverse interest rate movement. CODC and the counterparty agree to a notional future principal amount, the future interest rate, the date and the benchmark rate, which is usually as detailed on the daily bank bill reference (BKBM) page, on the Reuters' financial market information system.

Objective

To provide CODC with certainty as to its interest rate cost on an agreed principal amount for an agreed period. An FRA typically applies to a 3-month period, starting at some point within the next 12 months.

Interest Rate Swap (IRS)

An interest rate swap is an agreement between CODC and a counterparty (usually a bank) protecting CODC against a future adverse interest rate movement. CODC pays (or receives) a fixed interest rate and receives (or pays) a floating interest rate. The parties agree to a notional principal amount, the fixed interest rate, the settlement dates and the benchmark floating rate, which is usually BKBM off the Reuters' page containing the daily rate sets for various market reference rates.

Objective

To provide CODC with certainty as to its interest rate cost on an agreed principal amount for an agreed period. Floating rate periods are typically quarterly or semi annual.

Forward Start Interest Rate Swap

Objective

To provide CODC with certainty as to its interest rate cost on an agreed principal amount for an agreed period which commences at a future point in time. All other conditions are as with an interest rate swap.

Option on a Swap Agreement – Swaption

Objective

To provide CODC with the right but not the obligation to enter into a fixed rate swap at a future point in time on an agreed principal amount for an agreed period. A swaption is an option on a swap and typically requires a premium to be paid.

Interest Rate Options

The purchase of an interest rate option gives the holder (in return for the payment of a premium) the right but not the obligation to borrow (described as a cap) or invest (described as a floor) at a future date. CODC and the counterparty agree to a notional future principal amount, the future interest rate, the benchmark dates and the benchmark floating rate (usually BKBM on Reuters).

Objective

To provide CODC with worst case cover on its interest rate cost on an agreed principal amount for an agreed period. As for an interest rate swap, rate sets are typically quarterly or semi annual for the life of the option.

Interest Rate Collar

The combined purchase (or sale) of a cap and the sale (or purchase) of a floor.

Objective

To provide CODC with certainty as to its interest rate cost on an agreed principal amount for an agreed period, but by limiting CODC's downside participation, typically avoiding the payment of a premium.

Limits on Selling Options

CODC will only sell an option if at the same time it purchases an option for a similar term with the same notional value.

The reasons for the use of any incidental arrangements will be explained within a specific resolution of Council, enabling such arrangements to be entered into.

3.3 Liquidity Policy

3.3.1 Liquidity risk will be minimised by:

- Avoiding a concentration of debt maturity dates (see 3.2.1 above);
- Adherence to revenue and financing policies;
- Maintaining an appropriate amount of accessible bank investments or uncommitted credit lines to cover working capital requirements as they fall due;
- Adherence to the criteria for managing the current account at the bank as set out in more detail within the Investment Policy; and
- Hire purchase and finance lease agreements will normally be avoided unless the rates are favourable compared to other financing options and/or deferred payment improves the Council's ability to ensure performance by the supplier of goods and services.

3.4 Credit Exposure

3.4.1 This risk will be minimised by ensuring that any forward exchange arrangements are with institutions that meet the acceptable Standard and Poors rating of "strong" to "extremely strong" as outlined within the Council's Investment Policy.

3.5 Debt Repayment

3.5.1 Borrowings are to be repaid from:

- Sale of assets;
- Realisation of investments and sinking funds;
- General funds and/or specific function revenues including rates and depreciation covered by revenue or rates; or
- Raising of other loans.

3.5.2 Sinking funds as a method of repayment will be progressively eliminated where possible in favour of a more flexible approach.

3.6 Borrowing Limits

3.6.1 The Council will ensure that debt is maintained at prudent levels in accordance with revenue and financing policies and the funding principle of ensuring that the cost of any expenditure can be recovered at the time that the benefits of that expenditure accrue.

3.6.2 The revenue and financing policies and special consultative procedures will be the appropriate process to consider what is a prudent level of debt taking into account other funding sources, public submissions/opinion, ratepayer ability to repay and inter generational equity.

The Council will specifically include within its Annual Report information to enable the level of term debt to be compared to its Annual Plan as well as financial ratios including the debt ratio to enable actual trends and performance in relation to the Annual Plan to be monitored.

3.7 Security

3.7.1 The type of security offered will be determined according to the relative costs and benefits dictated by the debt market at the time in the following preferred order (all things being equal):

- Security over rates
- Security over specific assets

4 INTERNAL LOANS

- 4.1 General Council (including Ward, Community Board or Committee) investments may be used as a source for internal loans in relation to expenditure of a capital (or one off) nature related to any activity that would normally be funded by external loan.
- 4.2 The interest to be applied to internal loans will be determined at the commencement of each financial year based on, and not exceeding, the interest offered on a 12 month investment by the Council's bank at 1 July. It is permitted to apply rates of interest below that or zero in specific cases, after taking into account fairness and equity.
- 4.3 The term for any internal loan shall be not more than 50 years and will be set taking into account the ability to pay of the ratepayers affected, alternative uses of the funds, and the life of the assets to be funded; all terms of internal loans will be subject to review during the course of the loan.

5 AUTHORISED EXTERNAL BORROWING SOURCES

- 5.1 The following external borrowing sources will be utilised:

Bank Sourced Debt

Council may borrow from any New Zealand registered bank with a minimum Standard and Poor's short term rating of A-1 and a minimum long term rating of A. There will be no limit set on the amount of funds which any of the authorised banks may lend to the Council.

Where debt is sourced from New Zealand registered banks the following borrowing facilities may be used:

- Overdraft facilities;
- Committed Term Loan/Cash Advance Facilities; and
- Standby Term Loan/Cash Advance Facilities

Local Authority Bonds

Council may authorise the issuance of local authority bonds (medium term notes).

The bonds will be secured by either a general charge over rates or over a specific asset of the Council.

This method of borrowing will be authorised by specific Council resolution in each instance.

E. INVESTMENT POLICY

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 - 8.3 Forestry
 - 8.4 Repayment of Debt
 - 8.5 Sporting Clubs
 - 8.6 Advances to Promote Other Objectives
- 9 Proceeds from sale of assets

Schedule 1: Treasury responsibilities, compliance and controls

1 INTRODUCTION

- 1.1 Sections 102(4)(c) and 105 of the Local Government Act 2002 (the Act) require local authorities to adopt an investment policy.
- 1.2 Legal requirements and cross references thereto (including the Act and the Trustee Act 1956) are:

Requirement	Reference
General policy	Entire policy
Shares	Section 8.1
Property held	Section 8.2
Mix of investments	Section 7.1
Revenue from investments	Section 5
Proceeds of sale of assets	Section 9
Procedures and reporting	Schedule 1
Risk assessment and management	Section 6

2 OBJECTIVES

2.1 The objectives of this investment policy are:

- To ensure Council has appropriate working capital funds available to carry out its strategic plans as outlined in the Annual Plan and Long Term Council Community Plan.
- To ensure that funds are immediately accessible in the event of a disaster or unexpected failure of infrastructure.
- To ensure that Council is able to meet its liability commitments as they fall due.
- To ensure that legally restricted funds are appropriately accounted for and invested so as to earn reasonable income towards their purposes. (Legally restricted funds include trust funds, and bonds/deposits etc.)
- To ensure that where Council has resolved to set aside investments for particular purposes these funds earn interest towards those purposes and are readily available when called upon. (It should be recognised that these funds are by policy of Council only and have no enduring legal status that would bind a future Council).
- To **firstly** protect Council/ratepayers capital and to **secondly** earn an acceptable income.
- To ensure that all statutory requirements are met.

3 INVESTING PRIORITIES

3.1 Council's priorities with regards to investing are:

- Disaster relief funds and contingency liquidity
- Capital expenditure that meets Council goals and strategic plan criteria
- Repayment of debt and internal loans (to reduce external risk exposures)
- Purchase of appropriate land and buildings with endowment funds
- Financial instruments, risk or near risk free, diversified in term and institution

4 SCOPE

- 4.1 This document is binding on Council, Committees of Council, Recreation Reserve Committees, Community Boards, Committees of Community Boards and any Trusts whose accounts are incorporated in the Council's Annual Report and Accounts. The term "Council" includes all the above bodies.

5 ACCEPTABLE USES OF INVESTMENT FUNDS

- 5.1 The following are the guidelines for permitted uses of Council's investment funds:

Income/interest:

- Reduction of rates (maintenance and operations)
- Capital expenditure and one off projects
- Add to capital to increase ability of fund to meet intentions

Capital:

- Capital expenditure
- One off projects
- Disaster relief
- Debt repayment

6 RISK PROFILE

- 6.1 This policy ranks investment opportunities as follows:

High risk

Equity shares (other than those currently held)

Real estate, commercial property and unit trusts (other than those properties held for Council operations)

Forestry

Managed investment funds

Community groups and other local investments

Low risk

Repayment of current Council debt including internal loans

Fixed interest investments

Cash on short and long term bank deposits

- 6.2 To reduce interest rate exposure, instruments set out in paragraph 3.2.1 of Council's Liability Management Policy may also be utilised as part of this Investment Policy.

7 POLICY RELATING TO RISK FREE INVESTMENTS

- 7.1 All cash funds for the time being "surplus" are to be invested in a mixture of risk free or near risk free investments. The terms or maturities for short term investments will be a mixture of at call to up to 182 days, so that if necessary, the Council can call upon the funds at relatively short notice, after taking into account projected cashflows.

Longer term investments are entered into where:

- The investments can be traded on an efficient market

7.2 Credit Risk Criteria

7.2.1 *Risk free and near risk free investments are:*

- New Zealand Government investments
- New Zealand registered banks
- Building Societies
- Local Authority stock
- State Owned Enterprises
- Regional Health Entities
- Corporates

7.2.2 Council will not consider investing with a body unless it meets an acceptable Standard and Poors (or equivalent) credit rating, where applicable.

Acceptable Standard and Poor ratings:

<u>Short term rating</u>	<u>Long term rating</u>	<u>Explanation of rating</u>
A1+	AAA, AA+, AA	Extremely strong to very strong
A-1	A+, A	Strong

7.3 Diversification

7.3.1 Maximum amount per institution as set out in the table below:

Short Term Investments (Approved Issuers, Instruments and Limits)

Issuer	Overall Portfolio Limit (invest % of to a portfolio maximum of)	Approved Instruments	Minimum S & P Short Term Credit Rating of Issuer	Limit for Each Issuer Subject to Overall Portfolio Limit for Issuer Class (Nominal Amount)
New Zealand Government	100%	Treasury Bills	Not Applicable	No Limit
New Zealand Registered Banks	100%	Call/Term Deposits, Negotiable Certificates of Deposits, Transferable Certificates of Deposit	'A-1'	\$4 million
Local Authorities	50%	Promissory Notes	Not Applicable	\$2 million
State Owned Enterprises	50%	Promissory Notes	'A-1'	\$2 million
Regional Health Entities	50%	Promissory Notes	'A-1'	\$2 million
Corporates	50%	Promissory Notes	'A-1'	\$2 million
Building Societies	50%	Call/Term Deposits	'A-1'	\$2 million

Long Term Investments (Approved Issuers, Instruments and Limits)

Issuer	Overall Portfolio Limit (invest % of to a portfolio maximum of)	Approved Instruments	Minimum S & P Long Term Credit Rating of Issuer	Limit for Each Issuer Subject to Overall Portfolio Limit for Issuer Class (Nominal Amount)
New Zealand Government	100%	Bonds	Not Applicable	No Limit
Local Authorities	50%	Medium Term Notes, Bonds	Not Applicable	\$1 million
State Owned Enterprises	50%	Medium Term Notes, Bonds	A	\$1 million
New Zealand Registered Banks	50%	Medium Term Notes, Bonds	A	\$1 million
Regional Health Entities	50%	Medium Term Notes, Bonds	A	\$1 million
Corporates	50%	Medium Term Notes, Bonds	A	\$1 million
Building Societies	50%	Medium Term Notes, Bonds	A	\$1 million

7.4 Interest Rate Risk and Term Profile

7.4.1 There is a trade off between availability of funds and interest rate risk. This policy accepts a greater degree of interest rate risk in order to have accessible funds.

7.5 Current Account Management

7.5.1 The current account credit balance should not exceed \$750,000 for more than two continuous working days.

It is permitted to go into overdraft for up to \$400,000 on a maximum of 10 days per year.

7.6 Average Return - Comparative Benchmark

7.6.1 The emphasis is on capital protection rather than maximising returns. Nevertheless returns should be maximised within the parameters of this policy.

The short term portfolio will be benchmarked against the published 90 day bill rate.

The long term portfolio will be benchmarked by duration measurement, and this will be required to be within 2.5 and 3.5 years.

8 POLICY ON OTHER FORMS OF INVESTING

8.1 Equity Investments

8.1.1 No further equity investments will be entered into except by specific resolution of Council. Shares currently held by the Council are inherited from the past and will continue to be held. Any equity sales must be by specific resolution of Council.

8.2 Real Estate, Commercial Property and Unit Trusts

8.2.1 There will be:

- No investment without specific resolution of the Council
- Investing will be limited to endowment funds for other than strategic purposes
- Existing properties will be held if that is considered to be the best option by Council
- Council may invest for strategic purposes ie purposes which enable Council to achieve community outcomes as outlined in its LTCCP

8.3 Forestry

8.3.1 Existing forestry investment will continue.

8.3.2 Additional investment in forestry is permitted:

- on existing Council land subject to approval by Council, providing there is reasonable evidence to suggest that it is the best and highest use of that land; or
- in conjunction with meeting other goals in which case it becomes a higher priority investment.

8.3.3 Expenditure incurred in developing and growing forestry will be treated as capital/investing expenditure for accounting purposes. Forestry will be valued annually at market value in the Council's Annual Report.

8.4 Repayment of Debt

8.4.1 Subject to Council resolution or a stated intention in the Annual Plan, it is permitted to use existing funds to repay debt providing suitable internal arrangements are put into place to prevent any change in rates distribution among particular groups of ratepayers.

8.5 Community Groups

8.5.1 If there is to be investment in a community group, then:

- Consideration will be given as to whether a guarantee would be more appropriate
- Funds will only be lent upon a resolution of the Council or Community Board
- No funds are to be lent until all conditions of approval are satisfied and it is unconditional

8.5.2 A community group is defined as a non profit locally based group.

8.5.3 Minimum securities and assurances are:

- going concern assurance from committee; and
- written agreement that assets financed will vest in Council or the community and will not be offered as security to any other party; and
- legal advice and formalised security to be obtained for sums over \$25,000 unless for buildings on Council land that would already vest in the Council pursuant to a clause in a lease document that has been prepared pursuant to legal advice; and
- provision of annual audited accounts or, if in inaugural year, projections/budgets.

8.6 Advances to Promote Other Objectives

8.6.1 Advances to promote other objectives will be made:

- only by specific resolution of Council; and
- must be equal to the securities and assurances above, or better, unless under \$5,000 and for essential works.

9 PROCEEDS FROM SALE OF ASSETS

9.1 Net proceeds from asset sales will be invested for the following purposes:

- capital expenditure; or
- contingencies; or
- one off operational items (e.g. grants if the Council is satisfied that the receiver of the grant is likely to be able to maintain the worth of the asset to the Community).

Schedule 1

Treasury responsibilities, compliance and controls

1.1 Council

- Approve annual borrowing programme contained in Annual Plan.
- Approve treasury policy.
- Review treasury activity through regular reporting.
- Approve forward exchange and other agreements not already permitted within the policy.

1.2 Chief Executive

- Amendments to rules for operation of bank accounts (in conjunction with His Worship the Mayor).
- Approve opening and closing of bank accounts and new banking facilities.

1.3 Corporate Services Manager

- Overall responsibility for the treasury function.
- Provide policy advice.

1.4 Financial Accountant

- Investing activity, maximise returns within policy and legal requirements.
- Authority to electronically transfer funds between specified bank accounts that have been set up on the Council's bank cash management system.
- Current account management within policy.
- Record keeping of all transactions and quotes for audit and review as required.
- Reconciliation of all bank accounts and other investment and borrowing accounts.
- Borrowing activity, minimising costs in accordance with policy and legal requirements, by seeking competitive bids for borrowing, subject to management approval as above.
- Produce regular reports for Council on investments and compliance with policy.

F. POLICY ON THE COMMITMENT OF COUNCIL RESOURCES TO PARTNERSHIPS WITH THE PRIVATE SECTOR

1. INTRODUCTION

1.1 Section 107 of the Local Government Act 2002 (the Act) requires a local authority to develop a policy relating to the commitment of local authority resources to partnerships between the local authority and the private sector.

1.2 S.107(2) of the Act defines a partnership with the private sector as:

“(2) In this section, partnership with the private sector means any arrangement that is entered into between one or more local authorities and one or more persons engaged in business; but does not include ---

(a) any such arrangement or agreement to which the only parties are ---

(i) local authorities; or

(ii) one or more local authorities and one or more council organisations; or

(b) a contract for the supply of any goods or services to, or on behalf of, a local authority.”

1.3 The Central Otago District Council (the Council) may consider partnership arrangements with the private sector for the provision of infrastructure and services where such a partnership is likely to deliver better value for money, based on cost, time and financial arrangements than traditional delivery methods.

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

2. CIRCUMSTANCES WHERE THE CENTRAL OTAGO DISTRICT COUNCIL MAY CONSIDER PARTNERSHIPS WITH THE PRIVATE SECTOR

2.1 These are where:

- A need has been defined in measurable output terms;
- Outcomes for the community, measured in cost, quality and timeliness exceed any other provision;
- The project is structured to optimise risk allocation in order to generate the incentives for cost effective, high quality services;

- There is an identifiable market of bidders prepared to compete for the opportunity to undertake the project;
- There is scope for the private sector to demonstrate particular skills and/or innovative capacity; and
- The project size justifies the transaction and ongoing management costs.

3. CONSULTATION

- 3.1 Any proposal for a partnership with the private sector that involves the allocation of Council funds and/or resources, will be tested against community consideration, using the consultation procedures required by sections 78 and 79 of the Act.

4. CONDITIONS

- 4.1 The following conditions will apply:

- Private participation will be subject to competitive tendering processes, with an emphasis on transparency and disclosure of processes and outcomes, acknowledging the need to protect commercial confidentiality where appropriate;
- Any proposed partnership will be assessed against the public interest in terms of effectiveness, accountability, and transparency, together with the need to ensure equity for disadvantaged groups, public access, consumer law, and security and privacy rights;
- The conduct of the Council will always be such that confidence in the probity of the partnership model and the way it is implemented is able to be maintained at all times;
- Outputs will be clearly specified including measurable performance standards;
- Payments will only be made upon delivery of the specified services to the required standards;
- The partnership will be a relatively long term commitment, with the term depending on the nature of the project;
- All private sector parties will be fully accountable to the Council for the delivery of the specified project and/or services;
- Risk allocation between the partners will be clear and enforceable, with consequential financial outcomes;
- The Council's responsibilities for the monitoring of outcomes will be clearly articulated; and
- Mechanisms for delivering ongoing value for money will be included.

5. RISK IDENTIFICATION ALLOCATION AND MANAGEMENT

- 5.1 The major principle governing risk will be a risk transfer regime where risk will be transferred to whoever is best able to manage it taking into account public interest considerations.
- 5.2 Whoever is allocated risk must have the freedom to choose how to handle and minimise any risk, with materiality being considered.
- 5.3 Where the Council is not the only user of an asset, demand (or volume/usage) risk may also be transferred.

6. MONITORING AND REPORTING

- 6.1 Transparency and disclosure of the processes and outcomes will be key elements in the design and operation of partnership contracts.
- 6.2 Progress on partnership contracts will be monitored and reported each meeting of the Council.
- 6.3 Community outcomes will be assessed and monitored as required under the Annual Report requirements of the Act.

G. POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS TO COUNCIL CONTROLLED ORGANISATIONS AND COUNCIL ORGANISATIONS

1. INTRODUCTION

1.1 Section 57(1) of the Local Government Act 2002 (the Act) requires a local authority to adopt a policy that:

“sets out an objective and transparent process for –

- (a) the identification and consideration of the skills, knowledge, and experience required of directors of a council organisation; and*
- (b) the appointment of directors to a council organisation; and*
- (c) the remuneration of directors of a council organisation.”*

1.2 Section 6 of the Act defines a council controlled organisation and a council organisation.

1.3 A council controlled organisation is, inter alia, any organisation in which a council controls more than 50% of the directors.

1.4 A council organisation is any organisation, inter alia, in which a council controls any proportion of the voting rights or can appoint any directors.

1.5 “Directors” includes trustees, managers etc of an organisation.

2. COUNCIL CONTROLLED ORGANISATIONS (CCO’S)

2.1 Skills

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

- intellectual ability
- an understanding of governance issues
- either business experience or other experience that is relevant to the activities of the organisation (or both)
- sound judgement
- a high standard of personal integrity
- the ability to work as a member of a team
- commitment to the principles of good corporate citizenship
- understanding of the wider interests of the publicly accountable shareholder

2.2 Appointment Process

When vacancies arise in any CCO, the Council will follow the following process for appointing Directors.

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

- the costs of any advertisement and process
- the availability of qualified candidates
- the urgency of the appointment (a CCO that is without a quorum cannot hold board meetings)

2.3 Appointment by Advertisement

Where the Council decides to advertise a vacancy, it will form an ad hoc committee comprising of the Mayor and Deputy Mayor to consider applications and make a recommendation to the Council.

2.4 Appointment without Advertisement

Where the Council decides not to advertise a particular vacancy it will refer the matter to the Executive Committee.

The Committee will identify a shortlist of candidates whom it considers meet the above criteria and will forward those to Council together with a report explaining why these candidates meet the criteria. The Committee may make a recommendation.

2.5 Final Appointment

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

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

2.6 Conflicts of Interest

The Council expects that the directors of council organisations will avoid situations where their actions could give rise to a conflict of interest. To minimise these situations the Council requires directors to follow the provisions of the New Zealand Institute of Director's Code of Ethics. All Directors are appointed at 'the pleasure of the Council' and may be dismissed for breaches of this code.

2.7 Remuneration

Remuneration of directors of CCOs is a matter of public interest.

Where the Council is the sole shareholder in a particular organisation the Council will set the directors' remuneration either by resolution at the annual general meeting, or will review salaries on an annual basis

(for those organisations that do not have such a meeting). In reaching a view on the appropriate level of remuneration for directors of council organisations the Council will consider the following factors:

- the need to attract and retain appropriately qualified people to be directors of the CCO
- the levels and movement of salaries in comparable organisations (the Council will retain professional advice on salary levels and movements)
- the objectives of the CCO (in particular whether or not the CCO operates on a charitable basis)
- the past performance of the CCO
- whether the CCO is operating as a trading undertaking
- the financial situation of the CCO

In cases where the Council cannot exercise direct control, such as in an organisation where it is one shareholder among many, it will conduct its own monitoring of salaries against the above factors and will publicly disclose the name of any CCO which it considers is not complying with the above factors.

3. COUNCIL ORGANISATIONS (CO'S)

- 3.1 Council and its Community Boards are often invited to supply representatives to various local groups.
- 3.2 Council or Community Boards appoint their members to organisations based on the willingness and knowledge of a member to be a representative.
- 3.3 Appointments are for the life of a Council/Community Board.
- 3.4 No remuneration is made for any appointments of Councillors or Board members to COs.
- 3.5 If Council or Community Boards appoint non-members to organisations, the applicants will be selected and appointed in compliance with each organisation's trust deeds.

4. EFFECTIVE DATE

- 4.1 This policy comes into effect on 1 July 2004.

H. DEVELOPMENT AND FINANCIAL CONTRIBUTIONS POLICY

1. INTRODUCTION

The Local Government Act 2002, s106, requires a local authority to adopt a development contributions or financial contributions policy.

“Financial contributions” has the meaning given to it by s109(a) of the Resource Management Act 1991 ie

“(a) Money; or

(b) Land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Maori land within the meaning of the Maori Land Act 1993 unless that Act provides otherwise; or

(c) A combination of money and land”

1.1 Purpose

To ensure that new development contributes fairly to the funding of Central Otago’s infrastructural and service requirements.

This policy defines what development and financial contributions Council will require when subdivisions and developments increase the demand for Council services. Included are methods for assessing residential, accommodation, commercial and industrial contributions. The policy defines the value of contribution required for various catchments or contributing areas.

The policy has been prepared to meet the disclosure requirements of the Local Government Act 2002 (LGA 2002), particularly Section 106 of this Act – Policy on Development Contributions and Financial Contributions. Council is required to adopt a policy on development contributions and financial contributions as part of its Long Term Council Community Plan (LTCCP). This policy may be amended outside the LTCCP adoption process. However any amendment of this nature must proceed using the Special Consultative Procedure as outlined in Section 83 of the LGA 2002.

Section 106 of the LGA 2002 identifies that both development and financial contributions can be used. However the Local Authority must clearly demonstrate that no “double dipping” (charge twice for the same effect/benefit) will occur. This policy clearly defines when a development contribution vs. a financial contribution will be required.

1.2 Summary of Development and Financial Contributions Payable.

See Table 1.1 below. Figures provided below are GST exclusive.

Table 1.1 – Schedule of Actual Charges

SCHEDULE OF RESIDENTIAL EQUIVALENT CONTRIBUTIONS - By area, By Contribution Type						
Central Otago - 2006/07						
Contributing Area	Water Supply	Wastewater	Stormwater	Roading	Reserves	Community Facilities
Residential Areas						
Alexandra	Development Contributions	Development Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ 4,345	\$ 1,110	\$ -	\$ 1,450	\$ 1,307	\$ 123
					or Land (100m ² - Maximum) or a Combination of Both	(Alexandra Ward)
Clyde	Development Contributions	No Scheme Available	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ 3,434	\$ -	\$ -	\$ 1,450	\$ 1,307	\$ 112
					or Land (100m ² - Maximum) or a Combination of Both	(Earnsclough Ward)
Cromwell – Urban	\$ -	Development Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
		\$ 2,457	\$ -	\$ 1,450	\$ 1,307	\$ 960
					or Land (100m ² - Maximum) or a Combination of Both	(Cromwell Ward)
Cromwell - Rural Residential (RR) and Residential Resource Areas (RRA)	Development Contributions	Development Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ 6,120	\$ 2,457	\$ -	\$ 1,450	\$ 1,307	\$ 960
		Unless connected to Lowburn Pisa Sewer Extension \$ 2,905			or Land (100m ² - Maximum) or a Combination of Both	(Cromwell Ward)

Contributing Area	Water Supply	Wastewater	Stormwater	Roading	Reserves	Community Facilities
Residential Areas						
Lowburn	Development Contributions	Financial Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ 6,891	\$ 2,905	\$ -	\$ 1,450	\$ 1,307	\$ 960
					or Land (100m ² - Maximum) or a Combination of Both	(Cromwell Ward)
Pisa Extensions	Development Contributions	Financial Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ -	\$ 2,905	\$ -	\$ 1,450	\$ 1,307	\$ 960
					or Land (100m ² - Maximum) or a Combination of Both	(Cromwell Ward)
Bannockburn	Financial Contributions	Financial Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	1. Bannockburn – Urban Water Supply \$ 3,924	1. Bannockburn – Treatment \$ 1,000	\$ -	\$ 1,450	\$ 1,307	\$ 960
	2. Bannockburn – Rural Water Supply \$ 7,265	2. Bannockburn – Sewer Extension \$ 3,000			or Land (100m ² - Maximum) or a Combination of Both	(Cromwell Ward)
Omakau/Ophir	Development Contributions	Development Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ 4,429	\$ 1,830	\$ -	\$ 1,450	\$ 1,307	\$ 118
					or Land (100m ² - Maximum) or a Combination of Both	(Manuherikia Ward)

Contributing Area	Water Supply	Wastewater	Stormwater	Roading	Reserves	Community Facilities
Residential Areas						
Patearoa	Financial Contributions	Development Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	1. Patearoa – Town and Rural Water Supply	\$ -	\$ -	\$ 1,450	\$ 1,307	\$ 446
	\$ 1,096				or Land (100m ² - Maximum) or a Combination of Both	(Maniototo Ward)
Other Urban Areas	Watching brief should growth create demand for additional assets/services.	Watching brief should growth create demand for additional assets/services.	Watching brief should growth create demand for additional assets/services.	Development Contributions	Financial Contributions	Development Contributions
				\$ 1,450	\$ 1,307	Alexandra Ward - \$123
					or Land (100m ² - Maximum)	Earnscliffe Ward - \$112
					or a Combination of Both	Cromwell Ward - \$960
						Manuherikia Ward - \$118 Maniototo Ward - \$446 Roxburgh Ward - \$1353
Rural Areas Not Addressed Above						
Other Rural Areas	Development Contributions	Development Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ -	\$ -	\$ -	\$ 1,450	\$ 654	Alexandra Ward - \$123
					or Land (100m ² - Maximum)	Earnscliffe Ward - \$112
					or a Combination of Both	Cromwell Ward - \$960
						Manuherikia Ward - \$118 Maniototo Ward - \$446 Roxburgh Ward - \$1353

Note: Financial Contributions for the Alexandra Pines and Alexandra Reservoir Upgrades are now fully subscribed. Financial Contributions for these projects were removed from the 2005 Policy on Development and Financial Contributions.

2. BACKGROUND

Financial contributions as defined by Section 15 of the Central Otago District Plan (an operative section) are applied to subdivisions and developments where appropriate.

There are a number of contributions that Council considers appropriate to levy on subdivisions and developments. The principal basis for levying these contributions against subdivisions and development is to ensure that those who create the demand for additional services/assets pay fairly and reasonably for this.

All new contributions of a fiscal nature have been assessed to meet the provisions of the LGA 2002 – **development contributions**. These will be levied using this Act also.

The development contribution calculations have been based on foreseeable capital expenditure (CAPEX) Council expects to incur to meet the needs of growth. With time, past CAPEX is being introduced and eventually, 10 years past and 10 years future expenditure will be taken into consideration in the calculations.

3. DEFINITIONS

Analysis Period

The period of time over which the assessment of development contributions is undertaken.

Asset Management Plans (AMP)

A plan for the management of one or more asset types that combines multidisciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to provide a specified level of service. A significant component of the plan is a long term cashflow projection for the activities.

Capital Expenditure (CAPEX)

Expenditure used to create new assets or to increase the capacity of existing assets beyond their original design capacity or service potential. CAPEX increases the value of asset stock. (*Source: NAMs Manual*)

Capital Expenditure for Growth (CAPEX for Growth)

The proportion of capital expenditure required to sustain growth.

Community Facilities

Facilities on open space, libraries, halls, community centres, sporting facilities etc provided for public use.

Contributing Area

A defined geographic area where development contributions are to be calculated by the method described herein and delivering a standard development contribution in terms of \$/Dwelling Equivalent. Contributing areas take an integrated approach to the effects of land subdivision/development and associated physical resources and assesses the overall requirements of an identified geographic area. Contributing areas should enable standard Development contributions to be determined efficiently and equitably.

Deferred Works

CAPEX that should have been undertaken at the appropriate time, but has been delayed to a later date.

Design Life

The number of years from the construction date of an asset to the date at which capacity is reached. The design life of an asset may take other variables into account such as the growth rate, expected life of an asset, financing costs and engineering considerations.

Development

Means any subdivisions or development that generates a demand for reserves, network infrastructure or community infrastructure as defined by the LGA 2002.

Development Contributions

Development contributions are contributions defined by the provisions of Part 8 Subpart 5 and Schedule 13 of LGA 2002. Contributions are assessed based on the fiscal implications of growth.

Dwelling Equivalent

A typical residential dwelling, however representing a unit of demand for which non-residential land uses can be described by. Non residential activities, such as accommodation and commercial, can be converted into dwelling equivalents using land use differentials. Dwelling equivalents enable the demand of different land uses to be considered collectively.

Dwelling Equivalent Contribution

The development/financial contribution required to be met by a unit of demand to reflect the cost of growth imposed by that unit of demand.

Comprising:

- Money; or
- Land, including a reserve or esplanade reserve (other than in relation to a subdivision consent) but excluding Maori Land within the meaning of the Te Ture Whenua Maori Act 1993, unless the Act Provides otherwise; or
- Both

Effective Date

Date at which the development contributions are assessed.

Expected Life

Also known as useful life. The period over which a depreciable asset is expected to be used.

Financial Contributions

Defined by Section 108 of the Resource Management Act 1991 and collected using the provisions of the District Plan. Contributions are assessed based on the environmental effects of growth.

Financial Reports

Annual reports prepared by Council detailing achievements in the previous financial year, at both a financial and community outcome basis.

Growth Population

A growth statistic used to measure growth. In this case a dwelling equivalent.

Gross Floor Area (GFA)

The sum of the gross area of the several floors of all buildings on a site, measured from the exterior faces of the exterior walls, or from the centre lines of walls separating two buildings. For the purpose of this policy this definition of GFA, excluding car parking areas, will be used.

Land Use Differentials

Factors used to convert non-residential properties into dwelling equivalents. Impact on, benefit from and consumption of assets by different land uses can be converted into and described as dwelling equivalents. They have two functions 1) to determine the total dwelling equivalents for apportioning total CAPEX for growth to determine a standard dwelling equivalent contribution and 2) enabling a new subdivision or development to be converted into dwelling equivalents, such that the development/financial contributions can be calculated.

Level of Service

The defined service for a particular activity (i.e. roading) or service area (i.e. street lighting) against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

Long Run Average

Average taken over a number of years, typically 10 or more for infrastructure assets.

Network Infrastructure

The provision of roads and other transport, water, wastewater and stormwater collection and management.

Renewal

Works to refurbish or replace existing facilities with facilities of equivalent capacity or performance capability.

Statutory Obligation

Typically relating to CAPEX required to meet the demands of a statute, guideline or standard.

Surplus Capacity

Additional capacity of an asset whereby uptake of that additional capacity is not to the detriment of existing users.

Units of Demand

A measurable unit that creates demand for additional capacity or consumes surplus capacity.

4. POLICY STATEMENT

4.1 Reasons for Using Development and Financial Contributions

Council considers the provision of suitable infrastructure as one of its key **strategic** activities that aid in the provision of social, economic, environmental and cultural wellbeing of the community.

Council also considers it important to ensure that the funding of this infrastructure is fair, reasonable and equitable. The existing community has invested in its needs and enjoys the benefits derived from those assets and services. Council considers it appropriate to use development and financial contributions where new subdivision and development benefit from existing

infrastructure, generate need for additional infrastructure and require infrastructure extensions.

Providing infrastructure in anticipation of growth is an obligation of Council. Council will often invest in infrastructure capacity well in advance of the uptake of that capacity. Therefore recouping the growth component of this investment is an obligation Council has on behalf of the community.

4.2 Significant Assumptions

Best Available Knowledge

All information used in the calculation of development contributions is the best available at the time of the calculation models being prepared. Council is proceeding with numerous strategic studies which will aid in delivering improved information. Council is committed to updating these contributions as the results of these become available. Council considers it fiscally prudent to have contributions in place now to ensure the recovery of growth costs. Delays to implement this process are considered unacceptable and would unfairly burden the existing population with these costs.

Growth Projections

Population projections have been estimated using the best information available. Statistics New Zealand (SNZ) projections based on the 2001 census identify that the permanent resident population will decline. It is evident from recent subdivision activity that this is unlikely. A report prepared by Business and Economic Research Ltd indicated annual population growth of 1.5%. Based on the report, population growth projections were made for each Census Area Unit. These are shown below.

Table 4.1 – Growth Projections

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Teviot	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161
Roxburgh	666	666	666	666	666	666	666	666	666	666
Ranfurly	785	785	785	785	785	785	785	785	785	785
Maniototo	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016
Naseby	106	106	106	106	106	106	106	106	106	106
Dunstan	3,539	3,651	3,766	3,882	4,000	4,119	4,240	4,363	4,488	4,615
Clyde	946	976	1,006	1,037	1,069	1,101	1,133	1,166	1,200	1,233
Alexandra	4,721	4,721	4,721	4,721	4,721	4,721	4,721	4,721	4,721	4,721
Cromwell	3,057	3,155	3,253	3,354	3,455	3,559	3,663	3,770	3,878	3,987
	15,997	16,237	16,480	16,727	16,978	17,233	17,492	17,754	18,020	18,291
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Teviot	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Roxburgh	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Ranfurly	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Maniototo	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Naseby	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dunstan	3.2%	3.1%	3.1%	3.0%	3.0%	2.9%	2.9%	2.9%	2.8%	2.8%
Clyde	3.2%	3.1%	3.1%	3.0%	3.0%	2.9%	2.9%	2.9%	2.8%	2.8%
Alexandra	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cromwell	3.2%	3.1%	3.1%	3.0%	3.0%	2.9%	2.9%	2.9%	2.8%	2.8%
	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

Growth estimates have been prepared for each contributing area (contribution catchment) using dwelling equivalents. These have used existing connections (from rates database), factored to define dwelling equivalents for non-residential connections, and annual growth factors applied to assess the

annual increase in dwelling equivalents. These have been compared against the projections completed for the entire district (above table) to confirm appropriateness.

Evidence suggests that development exists in a number of contributing areas even though population growth is not predicted. This means the dwelling equivalent growth rate should differ from the population growth rate. The dwelling equivalent growth rates applied remain the same as in the 2005 Policy on Development and Financial Contributions. It is suggested the growth rate in dwelling equivalents is reviewed in the 2006/07 year.

Financial Considerations

The following are key financial considerations applied in the model:

- All figures are in current New Zealand dollars – effective 1 July 2006.
- Inflation is applied to past capital projects only.
- Interest costs have been assessed based on the weighted average cost of capital over the 10 year period from 2006. The cumulative net deficit between the contributions anticipated to be collected and the growth costs over the 10 year period are used to determine the proportion of the growth cost that will be funded by debt. A 7.25% interest rate has been applied.
- Capital projections are those that have been applied in the LTCCP effective at 1 July 2006. Actual expenditure for the years to and including 2004/05 has been used. Amendments to the CAPEX programme have been made to account for budgets carried forward and expenditure changes. The public nature and auditability of these capital projections provides additional confidence to the process. Schedule 10 of the LGA 2002 proscribes significant disclosures including growth, renewal and level of service apportionments.

4.3 Monitoring, Review and Development/Financial Contributions Policy Update

Council will monitor and review the following:

- Annual Calculation Updates:
 - Identify capital expenditure actually undertaken and whether the projections remain reasonable. This may include adding more capital projects or deleting others.
 - Update capital costs to reflect a year of inflation. This will be based on a 50/50 split of the SNZ Labour Cost Index: Private Sector: Construction and the Producer Price Index: Construction.
 - Review population projections.
 - Any Asset Planning initiatives including changing levels of service, updated capital projections.
 - Update any new information that comes available. This may include zone changes and scheme boundary changes.
 - Correction of any errors or omissions.

- Annual Policy Reviews:
 - Any changes to the policy direction of Council that affects this policy. This may include changes to the LTCCP, Revenue and Financing Policy and strategic studies
 - New information affecting the land use differential analysis.

This policy was first adopted by Council in 2004. It has been amended and updated following the 2005 annual review. This, the 2006 policy has been adopted by Council through the LTCCP process.

4.4 Activities Considered By This Policy

Council activities included in this policy are:

1. **Network infrastructure** for water supplies, wastewater, stormwater and roading
2. **Reserves land** acquisition for all reserve types
3. **Community infrastructure** including the development of reserve land to use as reserve and facilities needed on that reserve and other public amenities such as halls, libraries, public toilets, parking facilities and the like.
4. **Financial Contributions of non-fiscal nature** as defined by the operative Chapter 15 of the Central Otago District Plan and any subsequent variation.

4.5 Transition

The **financial contributions** as defined by the operative Chapter 15 of the District Plan and as defined previously in the Annual Plan, will continue to be applied to all existing consents, to all consents issued before the effective date (1 July 2006) for this policy and to all new consents issued after the effective date of this policy.

Development contributions identified in the 2005 Policy on Development and Financial Contributions for water supply, wastewater and roading have been reviewed in accordance with Section 4.3. These have been assessed in accordance with Part 8, Subpart 5 and Schedule 13 of the LGA 2002. These will be applied to subdivision and development activities in accordance with this Policy and the Schedule contained herein. These shall be applied to all consents with an application date of 1 July 2006 or later. Consents with an application date falling between 1 July 2005 and 30 June 2006 inclusive, shall be assessed in accordance with the 2005 Policy on Development and Financial Contributions.

New **community facilities development contributions** have been identified within this policy. These have been assessed in accordance with Part 8, Subpart 5 and Schedule 13 of the LGA 2002. These will be applied to subdivision and development activities in accordance with this Policy and the Schedule contained herein. For administrative simplicity and reasonableness

these shall be applied to all consents with an application date of 1 July 2006 or later.

Development contributions maybe applied as a condition of **resource consent**, at the time of a **building consent** or through an authorisation for a **service connection** (See Section 198 LGA 2002). Council reserves the right to apply these development contributions at any of these stages. Council will consider issues of equity, fairness and reasonableness when applying development contributions at these phases of subdivision and development.

Note: Term consent used above means resource consent (subdivision and land use), building consent and service connection.

4.6 **Remission, Postponement, Refunds and Non-Payments**

Postponement or Remission

There will be no postponement or remission except in exceptional circumstances. These are at the discretion of Chief Executive.

Refunds and Reimbursement

Special Circumstances

- i) Where Council required a development/financial contribution as part of subdivision or development activities and where the documentation (resource consent, building consent or connection authorisation) permitting that subdivision or development has lapsed, Council will refund the contribution. This does not prevent Council from requiring development/financial contributions in the future. Council may retain a portion of the contribution of a value equivalent to the costs incurred by the Council in processing/assessing the contribution required by the subdivision or development.
- ii) A reimbursement maybe sought where it can be demonstrated that the subdivision or development has amassed development/financial contribution credits against it. Example: Where a contribution has been assessed as a condition of a land use consent (subdivision) based on likely future land use and where that future (conceivable final land use) is substantially and materially different.

Remissions on the basis of seasonal activity or reduced demand on a specific asset will only be allowed where the actual demand can be demonstrated to be significantly different from a typical development. Furthermore it must be demonstrated that the demand will not increase if the development was to be used differently.

Non-Payment

Section 208 of the LGA 2002 shall apply for non payment.

4.7 **Delegations**

Council shall determine where a development or financial contribution will be sought. It has the authority to set the quantum of those contributions.

The Chief Executive will ensure the Policy is implemented.

4.8 Unusual Developments

Council reserves the right to individually assess any development that it deems to create a significantly different demand on infrastructure than could usually be expected under their relevant category. For example, a swimming pool may be classified under commercial but it will have a significantly different water use than generally allowed for under the commercial category.

5. CONTENTS OF THE FINANCIAL AND DEVELOPMENT CONTRIBUTIONS POLICY

The attached Schedule is a summary of:

- Part 1 – Circumstances Where a Development or Financial Contribution is Payable.**
- Part 2 – Capital Expenditure Disclosures for Development Contributions.**
- Part 3 – Calculation Methodology**
 - Water Supply & Wastewater Contributions**
 - Roading Contributions**
 - Community Facilities Contributions**
- Part 4 – Assessing Development Contributions for Non-Residential Developments**

PART 1 - CIRCUMSTANCES WHERE A FINANCIAL OR DEVELOPMENT CONTRIBUTION IS REQUIRED

Council will progress using the direction in Table 5.1.1 below over the duration of the LTCCP, namely 2006/07 to 2008/09. This policy can be amended under the annual update process as described in Section 4.3.

Table 5.1.1 demonstrates where a contribution will be sought. These are shown by geographical area, by asset type and under what legislation these will be collected. Both **development** and **financial contributions** are considered.

Table 5.1.1 can be summarised as follows:

1. Existing **financial contributions** will continue to be collected under the District Plan Provisions.
2. **Development contributions** for water supply, wastewater and roading have been identified where growth and associated costs have or are expected to occur and are not already sought by way of a financial contribution.
3. **Reserves and Community Facilities** are contributions that Council intends to review and adopt new contributions. It should be noted that financial contributions for reserves are collected under the provisions of the district plan. Either a community facility development contribution or a reserves financial contribution will be collected, not both. Only the greater monetary value of the two contributions will be sought.

Pastoral land is considered to be the baseline land use. When the land use changes and a need for a Resource or Building Consent arises, a development contribution may be required. Contributions will be payable for, but in no way limited to:

- Packhouses
- Processing Plant
- Dairy Farms

Development contributions maybe sought when an application for the following is made:

- Resource Consent
- Building Consent
- Authorisation for a Service Connection

Council retains the right to seek a contribution at any of these stages.

Table 5.1.1 – Contributions Required By Geographic Area

Area	Water Supply	Wastewater	Stormwater	Roading	Reserves	Community Facilities	Other/ Miscellaneous
Residential Areas							
Alexandra	<p>Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.</p> <p>See <u>Note 3</u> below.</p>	<p>Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.</p>	<p>Development Contributions No contributions sought.</p>	<p>Financial Contributions Environmental effects based.</p> <p>Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.</p>	<p>Financial Contributions Maintain existing provisions 1. Land; or 2. Cash in lieu of land; or 3. Both</p> <p>See <u>Note 4</u> below.</p>	<p>Development Contributions To be sought from 1 July 2006. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.</p> <p>See <u>Note 4</u> below.</p>	See <u>Note 2</u> below.
Clyde	<p>Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.</p>	<p>No Scheme Available To be assessed at the time a scheme is required and charged to all connections.</p>	<p>Development Contributions No contributions sought.</p>	<p>Financial Contributions Environmental effects based.</p> <p>Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.</p>	<p>Financial Contributions Maintain existing provisions in 1. Land; or 2. Cash in lieu of land; or 3. Both</p> <p>See <u>Note 4</u> below.</p>	<p>Development Contributions To be sought from 1 July 2006. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.</p> <p>See <u>Note 4</u> below.</p>	See <u>Note</u> below.
Cromwell – Urban	<p>No Contributions The scheme was constructed by the Ministry of Works and Development at the time of the Clyde Dam construction. The scheme was designed to meet the needs of 7,000 residents. Its assumed sufficient</p>	<p>Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.</p>	<p>Development Contributions No contributions sought.</p>	<p>Financial Contributions Environmental effects based.</p> <p>Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial</p>	<p>Financial Contributions Maintain existing provisions in District Plan 1. Land; or 2. Cash in lieu of land; or 3. Both</p> <p>See <u>Note 4</u> below.</p>	<p>Development Contributions To be sought from 1 July 2006. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.</p> <p>See <u>Note 4</u> below.</p>	See <u>Note 2</u> below.

Area	Water Supply	Wastewater	Stormwater	Roading	Reserves	Community Facilities	Other/ Miscellaneous
Residential Areas							
	capacity is available for the urban area.			Contributions Policy.			
Cromwell – Rural Residential (RR) and Residential Resource Areas (RRA)	Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy. Refer to the specific assessment matters in this section.	Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy. Unless Connecting to the Lowburn – Pisa Sewer Extension, then standard financial contribution is applicable.	Development Contributions No contributions sought.	Financial Contributions Environmental effects based. Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.	Financial Contributions Maintain existing provisions in District Plan 1. Land; or 2. Cash in lieu of land; or 3. Both See <u>Note 4</u> below.	Development Contributions To be sought from 1 July 2006. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy. See <u>Note 4</u> below.	See <u>Note 2</u> below.
Pisa Developments/ Lowburn	Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy. Refer to the specific assessment matters in this section. Calculation assumes that water is not extended to Pisa.	Financial Contributions Lowburn-Pisa Moorings Sewer Extension contributions.	Development Contributions No contributions sought.	Financial Contributions Environmental effects based. Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.	Financial Contributions Maintain existing provisions in District Plan 1. Land; or 2. Cash in lieu of land; or 3. Both See <u>Note 4</u> below.	Development Contributions To be sought from 1 July 2006. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy. See <u>Note 4</u> below.	See <u>Note 2</u> below.
Bannockburn	Financial Contributions 1. Bannockburn – Urban Water Supply 2. Bannockburn – Rural Water Supply	Financial Contributions 1. Bannockburn – Treatment 2. Bannockburn – Sewer Extension	Development Contributions No contributions sought.	Financial Contributions Environmental effects based. Development Contributions	Financial Contributions Maintain existing provisions in District Plan 1. Land; or 2. Cash in lieu of land;	Development Contributions To be sought from 1 July 2006. Calculated in accordance with Part 4 of the Development and	See <u>Note 2</u> below.

Area	Water Supply	Wastewater	Stormwater	Roading	Reserves	Community Facilities	Other/ Miscellaneous
Residential Areas							
				To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.	or 3. Both See <u>Note 4</u> below.	Financial Contributions Policy. See <u>Note 4</u> below.	
Omakau/Ophir	Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.	Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.	Development Contributions No contributions sought.	Financial Contributions Environmental effects based. Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.	Financial Contributions Maintain existing provisions in District Plan 1. Land; or 2. Cash in lieu of land; or 3. Both See <u>Note 4</u> below.	Development Contributions To be sought from 1 July 2006. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy. See <u>Note 4</u> below.	See <u>Note 2</u> below.
Patearoa	Financial Contributions 1. Patearoa – Town and Rural Water Supply	No Contributions	No Contributions	Financial Contributions Environmental effects based. Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.	Financial Contributions Maintain existing provisions in District Plan 1. Land; or 2. Cash in lieu of land; or 3. Both See <u>Note 4</u> below.	Development Contributions To be sought from 1 July 2006. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy. See <u>Note 4</u> below.	See <u>Note 2</u> below.
Other Urban Areas	Watching brief should growth create demand for additional assets/services.	Watching brief should growth create demand for additional assets/services.	Watching brief should growth create demand for additional assets/services.	Financial Contributions Environmental effects based. Development	Financial Contributions Maintain existing provisions in District Plan 1. Land; or	Development Contributions To be sought from 1 July 2006. Calculated in accordance with Part 4 of the	See <u>Note 2</u> below.

Area	Water Supply	Wastewater	Stormwater	Roading	Reserves	Community Facilities	Other/Miscellaneous
Residential Areas							
				Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.	2. Cash in lieu of land; or 3. Both See <u>Note 4</u> below.	Development and Financial Contributions Policy. See <u>Note 4</u> below.	
Rural Areas Not Addressed Above							
Other Rural Areas	No Contributions	No Contributions	No Contributions	Financial Contributions Environmental effects based. Development Contributions To be sought. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy.	Financial Contributions Maintain existing provisions in District Plan 1. Land; or 2. Cash in lieu of land; or 3. Both See <u>Note 4</u> below.	Development Contributions To be sought from 1 July 2006. Calculated in accordance with Part 4 of the Development and Financial Contributions Policy. See <u>Note 4</u> below.	See <u>Note 2</u> below.

Table 5.1.1 Notes

Note 1 -

Development Contributions are contributions defined by the provisions of Part 8 Subpart 5 and Schedule 13 of LGA 2002. Contributions are assessed based on the fiscal implications of growth.

Financial Contributions are defined by Section 108 of the Resource Management Act (RMA) 1991 and collected using the provisions of the District Plan. Contributions are assessed based on the environmental effects of growth. Cash financial contributions identified above are for past CAPEX. These are defined in Chapter 15 of the Central Otago District Plan.

Note 2 - Important: It should be noted that general **Financial Contribution** provisions in the operative District Plan allow for contributions to be sought against various assets and for various environmental effects (no explicit contributions identified). These will be maintained.

Note 3 – Financial Contributions for the Alexandra Pines and Alexandra Reservoir Upgrades are now fully subscribed. Financial contributions for these projects were removed from the 2005 Policy on Development and Financial Contributions.

Note 4 - Reserves Financial Contributions and Community Facilities Development Contributions: The collection of reserves financial contributions is permitted under the provisions of the district plan and community facilities development contributions have been identified in the 2006 Policy on Development and Financial Contributions. Following calculation, only the greater of the two contributions will be levied to ensure no “double dipping” (charge twice for the same effect/benefit) occurs.

Table 5.1.2 – Table of Dollar Contributions Required – By Contributing Area, By Asset, By Legislation

SCHEDULE OF RESIDENTIAL EQUIVALENT CONTRIBUTIONS - By area, By Contribution Type						
Central Otago - 2006/07						
Contributing Area	Water Supply	Wastewater	Stormwater	Roading	Reserves	Community Facilities
Residential Areas						
Alexandra	Development Contributions	Development Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ 4,345	\$ 1,110	\$ -	\$ 1,450	\$ 1,307	\$ 123
					or Land (100m ² - Maximum) or a Combination of Both	(Alexandra Ward)
Clyde	Development Contributions	No Scheme Available	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ 3,434	\$ -	\$ -	\$ 1,450	\$ 1,307	\$ 112
					or Land (100m ² - Maximum) or a Combination of Both	(Earnscleugh Ward)
Cromwell – Urban	\$ -	Development Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
		\$ 2,457	\$ -	\$ 1,450	\$ 1,307	\$ 960
					or Land (100m ² - Maximum) or a Combination of Both	(Cromwell Ward)
Cromwell - Rural Residential (RR) and Residential Resource Areas (RRA)	Development Contributions	Development Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ 6,120	\$ 2,457	\$ -	\$ 1,450	\$ 1,307	\$ 960
		Unless connected to Lowburn Pisa Sewer Extension \$ 2,905			or Land (100m ² - Maximum) or a Combination of Both	(Cromwell Ward)

Contributing Area	Water Supply	Wastewater	Stormwater	Roading	Reserves	Community Facilities
Residential Areas						
Lowburn	Development Contributions	Financial Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ 6,891	\$ 2,905	\$ -	\$ 1,450	\$ 1,307	\$ 960
					or Land (100m ² - Maximum) or a Combination of Both	(Cromwell Ward)
Pisa Extensions	Development Contributions	Financial Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ -	\$ 2,905	\$ -	\$ 1,450	\$ 1,307	\$ 960
					or Land (100m ² - Maximum) or a Combination of Both	(Cromwell Ward)
Bannockburn	Financial Contributions	Financial Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	1. Bannockburn – Urban Water Supply \$ 3,924	1. Bannockburn – Treatment \$ 1,000	\$ -	\$ 1,450	\$ 1,307	\$ 960
	2. Bannockburn – Rural Water Supply \$ 7,265	2. Bannockburn – Sewer Extension \$ 3,000			or Land (100m ² - Maximum) or a Combination of Both	(Cromwell Ward)
Omakau/Ophir	Development Contributions	Development Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ 4,429	\$ 1,830	\$ -	\$ 1,450	\$ 1,307	\$ 118
					or Land (100m ² - Maximum) or a Combination of Both	(Manuherikia Ward)

Contributing Area	Water Supply	Wastewater	Stormwater	Roading	Reserves	Community Facilities
Residential Areas						
Patearoa	Financial Contributions	Development Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	1. Patearoa – Town and Rural Water Supply	\$ -	\$ -	\$ 1,450	\$ 1,307	\$ 446
	\$ 1,096				or Land (100m ² - Maximum) or a Combination of Both	(Maniototo Ward)
Other Urban Areas	Watching brief should growth create demand for additional assets/services.	Watching brief should growth create demand for additional assets/services.	Watching brief should growth create demand for additional assets/services.	Development Contributions	Financial Contributions	Development Contributions
				\$ 1,450	\$ 1,307	Alexandra Ward - \$123
					or Land (100m ² - Maximum)	Earnsclough Ward - \$112
					or a Combination of Both	Cromwell Ward - \$960
						Manuherikia Ward - \$118
					Maniototo Ward - \$446	
					Roxburgh Ward - \$1353	
Rural Areas Not Addressed Above						
Other Rural Areas	Development Contributions	Development Contributions	Development Contributions	Development Contributions	Financial Contributions	Development Contributions
	\$ -	\$ -	\$ -	\$ 1,450	\$ 654	Alexandra Ward - \$123
					or Land (100m ² - Maximum)	Earnsclough Ward - \$112
					or a Combination of Both	Cromwell Ward - \$960
						Manuherikia Ward - \$118
					Maniototo Ward - \$446	
					Roxburgh Ward - \$1353	

Note: Financial Contributions for the Alexandra Pines and Alexandra Reservoir Upgrades are now fully subscribed. Financial Contributions for these projects were removed from the 2005 Policy on Development and Financial Contributions.

PART 2 - CAPITAL EXPENDITURE DISCLOSURES FOR DEVELOPMENT CONTRIBUTIONS

- **Summarised 10 year CAPEX projections, 10 year CAPEX for growth, Assessment of Dwelling Equivalent Contribution, and**
- **10 year Revenue Assessments vs. Expected Expenditure and Weighted Average Cost of Capital (WACC).**

These tables are on the following pages.

Table 5.2.1 – Water Supply Development Contributions

Central Otago - Water Supply Residential Equivalent Development Contribution Calculation								
Schemes/Contributing Areas		Capital Cost						
Project Summaries	Present Value of 10 Year Total Capital Cost	Growth Funded	Funded by Other Sources	Percentage Attributable to Growth	Growth Cost to be Funded by Development Contributions	Present Value of Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest	Weighted Average No of Residential Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution Per Lot
WATER SUPPLY - ALEXANDRA								
Reticulation - Alexandra	2,929,435	772,263	2,157,171	26%	100%	508,815	336	1,513.93
Management Alexandra	9,426	4,713	4,713	50%	100%	30,774	336	91.56
Pump Station - Alexandra	205,000	45,388	159,612	22%	100%	26,591	336	79.12
Instrumentation - Alexandra	0	0	-	0%	100%	214	336	0.64
Storage - Alexandra	1,206,121	217,651	988,470	0%	100%	80,936	336	240.82
Flowmetering - Alexandra	26,593	13,296	13,296	50%	100%	5,805	336	17.27
Treatment - Alexandra	1,941,748	647,249	1,294,498	33%	100%	679,946	336	2,023.11
Non Pipe Renewals - Alexandra	73,814	73,814	-	100%	100%	7,041	336	20.95
Unspecified Expenditure - Alexandra	1,231,712	410,571	821,141	33%	100%	120,137	336	357.46
Total WATER SUPPLY - ALEXANDRA	7,623,849	2,184,946	5,438,903			1,460,260		4,345
WATER SUPPLY - CLYDE								
Reticulation - Clyde	67,369	67,369	-	100%	100%	133,057	95	1,394.84
Management Clyde	9,426	3,142	6,284	33%	100%	3,142	95	32.94
Pump Station - Clyde	0	0	-	0%	100%	877	95	9.20
Storage - Clyde	450,000	135,000	315,000	30%	100%	129,768	95	1,360.37
Treatment - Clyde	0	0	-	0%	100%	19,254	95	201.84
Unspecified Expenditure - Clyde	226,503	75,501	151,002	33%	100%	41,493	95	434.97
Total WATER SUPPLY - CLYDE	753,297	281,011	472,286			327,592		3,434
WATER SUPPLY - OMAKAU/OPHIR								
Reticulation - Omakau/Ophir	61,875	61,875	-	100%	100%	41,072	20	2,051.99
Management Omakau/Ophir	4,713	1,571	3,142	33%	100%	1,711	20	85.50
Pump Station - Omakau/Ophir	79,835	24,515	55,320	31%	100%	17,126	20	855.64
Storage - Omakau/Ophir	50,000	0	50,000	0%	100%	795	20	39.73
Unspecified Expenditure - Omakau/Ophir	157,286	52,429	104,857	33%	100%	27,938	20	1,395.83
Total WATER SUPPLY - OMAKAU/OPHIR	440,282	140,390	299,892			88,643		4,429
Totals	8,817,428	2,606,347	6,211,081			1,876,495		

Special Contributing Areas - WATER								
Project Summaries	Capital Cost			Percentage Attributable to Growth	Growth Cost to be Funded by Development Contributions	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest	Weighted Average No of Residential Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution Per Lot
	10 Year Total Capital Cost	Growth Funded	Funded by Other Sources					
WATER CROMWELL RURAL RES & RRA								
Management - Cromwell	1,117	559	559	50%	100%	593	117	5.06
Plant and Machinery - Cromwell	5,512	1,837	3,675	33%	100%	1,268	117	10.82
Reticulation - Cromwell	601,782	579,415	22,367	96%	100%	552,524	117	4,714.50
Unspecified Expenditure - Cromwell	175,357	58,452	116,905	33%	100%	11,342	117	96.78
Total WATER Cromwell RR and RRA	783,768	640,263	143,505			565,727		4,827
Plus Assets Charge - Capacity Consumed From Cromwell Urban								1,292
TOTAL CONTRIBUTION - Water Supply Cromwell Rural Res and RRA								6,120
WATER SUPPLY - LOWBURN								
Management - Lowburn	171	85	85	50%	100%	91	50	1.83
Plant and Machinery - Lowburn	842	281	561	33%	100%	523	50	10.46
Reticulation - Lowburn	5,464	2,048	3,415	37%	100%	2,585	50	51.71
Unspecified Expenditure - Lowburn	26,775	8,925	17,850	33%	100%	8,925	50	178.50
Total WATER Lowburn	33,251	11,339	21,912			12,125		242
Plus Assets Charge - Capacity Consumed From Cromwell Urban								1,292
Plus Contribution to Pisa Line								5,356
TOTAL CONTRIBUTION - Water Supply LOWBURN								6,891

Table 5.2.2 – Wastewater Development Contributions

Central Otago - Wastewater Residential Equivalent Development Contribution Calculation								
Schemes/Contributing Areas	Capital Cost (Present Values)			Percentage Attributable to Growth	Growth Cost to be Funded by Development Contributions	Present Value of Growth Cost (Capacity) Consumed in 10 Year Period	Weighted Average No of Residential Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution Per Lot
Project Summaries	Total Capital Cost	Growth Funded	Funded by Other Sources					
WASTEWATER - ALEXANDRA								
Reticulation - Alexandra	1,740,421	294,073	1,446,348	17%	100%	205,225	488	420.49
Management Alexandra	15,251	7,626	7,626	50%	100%	11,868	488	24.32
Pump Station - Alexandra	121,370	28,471	92,899	23%	100%	39,050	488	80.01
Instrumentation - Alexandra	4,576	0	4,576	0%	100%	-	488	-
Emergency Conveyance - Alexandra	8,000	924	7,076	12%	100%	1,121	488	2.30
Treatment - Alexandra	175,000	43,750	131,250	25%	100%	120,235	488	246.35
Storage - Alexandra	0	0	-	0%	100%	9,315	488	19.09
Non Pipe Renewals - Alexandra	236,471	0	236,471	0%	100%	-	488	-
Unspecified Expenditure - Alexandra	1,407,755	469,252	938,503	33%	100%	154,923	488	317.42
Total WASTEWATER - ALEXANDRA	3,708,845	844,096	2,864,749			541,738		1,110
WASTEWATER - CROMWELL								
Reticulation - Cromwell	705,696	338,227	367,470	48%	100%	726,844	458	1,588.29
Management Cromwell	0	0	-	0%	100%	545	458	1.19
Pump Station - Cromwell	282,001	98,497	183,504	35%	100%	40,027	458	87.47
Instrumentation - Cromwell	20,591	0	20,591	0%	100%	-	458	-
Emergency Conveyance - Cromwell	65,200	19,560	45,640	30%	100%	20,507	458	44.81
Treatment - Cromwell	1,233,043	224,701	1,008,341	18%	100%	208,450	458	455.50
Unspecified Expenditure - Cromwell	1,577,472	525,824	1,051,648	33%	100%	127,865	458	279.41
Total Water Supply - CROMWELL	3,884,002	1,206,809	2,677,193			1,124,239		2,457
WASTEWATER - OMAKAU/OPHIR								
Reticulation - Omakau	182,444	48,605	133,839	27%	100%	7,337	33	219.24
Management Omakau	13,945	7,282	6,664	52%	100%	7,405	33	221.30
Instrumentation - Omakau	4,442	540	3,903	12%	100%	214	33	6.38
Treatment - Omakau	0	0	-	0%	100%	4,980	33	148.81
Non Pipe Renewals - Omakau	13,290	13,290	-	100%	100%	2,981	33	89.09
Unspecified Expenditure - Omakau	109,366	85,095	24,272	78%	100%	38,313	33	1,144.90
Total WASTEWATER - OMAKAU/OPHIR	323,488	154,810	168,677			61,229		1,830
Totals	7,916,334	2,205,715	5,710,619			1,727,206		

Table 5.2.3 –Roading Development Contributions

Central Otago - Roading Residential Equivalent Development Contribution Calculation									
GL	Project Summaries	Present Value of 10 Year Total Capital Cost	Capital Cost		Percentage Attributable to Growth	Growth Cost to be Funded by Development Contributions	Present Value of Growth Cost (Capacity) Consumed in 10 Year Period	Weighted Average No of Residential Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution Per Lot
			Growth Funded	Funded by Other Sources					
ROADING - CENTRAL OTAGO									
17117531	Bldgs/Improves	57,618	4,062	53,556	7%	100%	2,491	2,961	0.84
17117691	Road Construction	279,034	19,672	259,362	7%	100%	17,510	2,961	5.91
17117711	Metalling	5,603,390	396,039	5,208,351	7%	100%	321,667	2,961	108.65
17117716	Royalties Gravel	837,957	59,076	778,881	7%	100%	47,474	2,961	16.03
17117721	Drainage Renewal	955,673	67,375	888,298	7%	100%	41,358	2,961	13.97
171177221	Unsealed Culvert Renewals	383,683	27,050	356,633	7%	100%	16,015	2,961	5.41
171177222	Sealed Culvert Renewals	90,757	6,398	84,359	7%	100%	3,787	2,961	1.28
17117693	Culverts	95,489	6,732	88,757	7%	100%	18,289	2,961	6.18
17127693	Major Drainage Control	0	0	0	0%	100%	2,496	2,961	0.84
17127721	Drainage Facility Renewals	306,680	14,414	292,266	5%	100%	10,159	2,961	3.43
17127695	Drainage New Capex	5,000	235	4,765	5%	100%	256	2,961	0.09
17127699	Kerb and Channel construction	23,565	1,108	22,457	5%	100%	956	2,961	0.32
17157692	Road Const. Prof	529,538	232,997	296,542	44%	100%	172,614	2,961	58.30
17217691	Mntnce chip seals	0	0	0	0%	100%	155,031	2,961	52.36
172176916	Thin AC	0	0	0	0%	100%	11,724	2,961	3.96
17217723	Mntnce chip seals	7,918,594	568,260	7,360,324	7%	100%	330,584	2,961	111.66
172177231	Thin AC	886,664	62,439	823,225	7%	100%	36,975	2,961	12.49
17257691	Road Construction	0	0	0	0%	100%	14,969	2,961	5.06
172576917	Seal New Works	462,725	32,622	430,103	7%	100%	13,088	2,961	4.42
172577232	Pavement Renewal	1,680,510	118,476	1,562,034	7%	100%	37,361	2,961	12.62
17287691	Road Construction	1,232,000	364,672	867,328	30%	100%	249,361	2,961	84.22
17337713	Bridge Renewals	756,918	0	756,918	0%	100%	0	2,961	0.00
17437694	New Safety Project	3,450,274	893,621	2,556,653	26%	100%	416,040	2,961	140.52
17467715	Signs	860,049	80,657	777,392	9%	100%	75,720	2,961	25.57
174677153	Edgemarkers	306,225	26,785	277,440	9%	100%	16,397	2,961	6.21
174676961	New Signs	19,135	1,799	17,336	9%	100%	1,655	2,961	0.56
174676962	Reflector Markers	103,401	9,720	93,681	9%	100%	4,794	2,961	1.62
17497715	Signs	30,268	6,098	24,230	20%	100%	5,809	2,961	1.96
17517691	Road Construction	3,108,608	2,486,886	621,722	80%	100%	1,245,396	2,961	420.64
17717691	Road Construction	0	0	0	0%	100%	378,751	2,961	127.93
17717699	Kerb and Channel Construction	0	0	0	0%	100%	7,667	2,961	2.59
17717715	Signs	0	0	0	0%	100%	3,559	2,961	1.20
275376931	Bridge Piers	0	0	0	0%	100%	615	2,961	0.21
275376972	Traffic Island	0	0	0	0%	100%	1,770	2,961	0.60
27537698	Footpaths and Pedestr	0	0	0	0%	100%	8,219	2,961	2.78
27537699	Kerb and Channel Construction	0	0	0	0%	100%	1,283	2,961	0.43
27537718	Footpaths and Pedestr	621,588	186,476	435,112	30%	100%	88,493	2,961	29.89
27537760	Footpaths and Pedestr - Landscaping	0	0	0	0%	100%	3,238	2,961	1.09
27537770	Shakey Bridge	18,852	0	18,852	0%	100%	0	2,961	0.00
27577551	Furniture and Fittings	0	0	0	0%	100%	3,025	2,961	1.02
27587735	Car Park Construction	0	0	0	0%	100%	34,604	2,961	11.69
37537691	Road Construction	0	0	0	0%	100%	54,565	2,961	18.43
37537698	Footpaths and Pedestr	888,202	266,460	621,741	30%	100%	132,408	2,961	44.72
37537699	Kerb and Channel	8,483	2,545	5,938	30%	100%	1,101	2,961	0.37
375376912	Road Construction	857,802	259,768	598,034	30%	100%	84,089	2,961	28.40
47527698	Footpaths and Pedestr	125,250	37,575	87,675	30%	100%	20,588	2,961	6.95
47537698	Footpaths and Pedestr	124,100	37,230	86,870	30%	100%	39,499	2,961	13.34
47537726	Lighting	0	0	0	0%	100%	5,277	2,961	1.78
47537760	Landscaping	0	0	0	0%	100%	10,477	2,961	3.54
47547699	Kerb and Channel Con	239,557	71,867	167,690	30%	100%	62,110	2,961	20.98
57537698	Footpaths and Pedestr	88,643	26,593	62,050	30%	100%	8,218	2,961	2.78
575376918	Maniototo Seal Widening	27,454	21,963	5,491	80%	100%	8,272	2,961	2.79
57537699	Kerb and Channel	23,989	7,197	16,792	30%	100%	3,360	2,961	1.13
57537718	Footpaths and Pedestr	141,390	42,417	98,973	30%	100%	33,024	2,961	11.15
775376981	Pedestrian Bridges	4,442	418	4,025	9%	100%	19	2,961	0.01
77537718	Footpaths and Pedestr	174,475	52,343	122,133	30%	100%	25,491	2,961	8.61
77537770	Other Cap Exp	0	0	0	0%	100%	2,678	2,961	0.90
		33,324,992	6,491,003	26,833,988			4,294,358		1,450

Table 5.2.4 – Community Facilities Development Contributions

Central Otago - Community Facilities Residential Equivalent Development Contribution Calculation													
Schemes/Contributing Areas													
Project Summaries	Capital Cost			Percentage Attributable to Growth	Growth Cost to be Funded by Development Contributions	Present Value of Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest	Weighted Average No of Residential Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution Per Lot					
	Present Value of 10 Year Total Capital Cost	Growth Funded	Funded by Other Sources					Alexandra	Earnsclough	Cromwell	Manuherikia	Maniototo	Roxburgh
COMMUNITY FACILITIES - ALL FACILITIES													
Alexandra Community Centre - Machinery and Plant	971	97	874	10%	100%	665	389	1.71	1.20	0.00	0.86	0.00	0.00
Bannockburn Community Centre - Buildings	500,000	0	500,000	0%	100%	-	434	0.00	0.00	0.00	0.00	0.00	0.00
Bannockburn Community Centre - Capex Landscaping	6,000	0	6,000	0%	100%	-	322	0.00	0.00	0.00	0.00	0.00	0.00
Clyde and Fraser Domain Play Equipment - Play Equipment	38,835	11,650	27,184	30%	100%	7,946	125	0.00	63.42	0.00	0.00	0.00	0.00
Community Halls Maniototo - Bldgs/Improves	8,143	814	7,329	10%	100%	396	119	0.00	0.00	0.00	0.00	3.32	0.00
Community Halls Maniototo - Furniture & Fittings	4,146	1,036	3,109	25%	100%	338	119	0.00	0.00	0.00	0.00	2.84	0.00
Community Halls Maniototo - Machinery and Plant	9,968	999	8,969	10%	100%	629	119	0.00	0.00	0.00	0.00	5.28	0.00
Cromwell Memorial Hall - Buildings	942,596	117,824	824,771	13%	100%	71,072	322	0.00	0.00	220.87	0.00	0.00	0.00
Cromwell Pool - Appliances	11,311	2,828	8,483	25%	100%	1,706	322	0.00	0.00	5.30	0.00	0.00	0.00
Cromwell Pool - Buildings	2,800,000	280,000	2,520,000	10%	100%	222,748	322	0.00	0.00	692.24	0.00	0.00	0.00
Cromwell Pool - Furniture & Fittings	10,600	2,650	7,950	25%	100%	2,984	322	0.00	0.00	9.27	0.00	0.00	0.00
Cromwell Pool - Play Equipment	9,426	2,356	7,069	25%	100%	1,421	322	0.00	0.00	4.42	0.00	0.00	0.00
Cromwell Town Centre - X-mas Decorations	5,283	0	5,283	0%	100%	-	322	0.00	0.00	0.00	0.00	0.00	0.00
Maniototo Stadium - Security Locks	4,000	0	4,000	0%	100%	-	119	0.00	0.00	0.00	0.00	0.00	0.00
Millers Flat Pool - Machinery and Plant	36,081	3,608	32,473	10%	100%	1,762	93	0.00	0.00	0.00	0.00	0.00	19.04
Millers Flat Pool - Solar Panels	47,815	4,782	43,034	10%	100%	515	93	0.00	0.00	0.00	0.00	0.00	5.56
Molyneux Park - Play Equipment	0	0	-	0%	100%	15,942	262	56.45	0.00	0.00	0.00	0.00	0.00
Molyneux Pool - Diving Pool	796,917	159,383	637,534	20%	100%	17,155	389	44.12	30.89	0.00	22.06	0.00	0.00
Molyneux Pool - Feasibility Study	4,854	465	4,389	10%	100%	469	389	1.26	0.68	0.00	0.63	0.00	0.00
Molyneux Pool - Hydroslide	444,244	8,865	435,379	2%	100%	5,883	389	15.13	10.69	0.00	7.57	0.00	0.00
Molyneux Pool - Machinery and Plant	0	0	-	0%	100%	260	389	0.67	0.47	0.00	0.33	0.00	0.00
Molyneux Pool - Recreation Equipment	26,069	2,607	23,462	10%	100%	1,455	389	3.74	2.62	0.00	1.87	0.00	0.00
Naseby - Swimming Dam - Swimming Pools/Dams U	44,321	4,432	39,889	10%	100%	3,300	119	0.00	0.00	0.00	0.00	27.69	0.00
Naseby Public Hall - Bldgs/Improves	370,000	37,000	333,000	10%	100%	29,668	119	0.00	0.00	0.00	0.00	248.92	0.00
Naseby Public Hall - Development Costs	0	0	-	0%	100%	5,880	119	0.00	0.00	0.00	0.00	49.33	0.00
Naseby Public Hall - Land and Building s	0	0	-	0%	100%	3,037	119	0.00	0.00	0.00	0.00	25.48	0.00
Omakau Community Centre - Bldgs/Improves	9,426	943	8,483	10%	100%	569	37	0.00	0.00	0.00	15.23	0.00	0.00
Omakau Community Centre - Chairs	12,685	3,171	9,514	25%	100%	1,366	37	0.00	0.00	0.00	37.12	0.00	0.00
Ophir Community Centre - Furniture & Fittings	0	0	-	0%	100%	1,225	37	0.00	0.00	0.00	32.81	0.00	0.00
Other Reserves Alexandra Play Equipment - Play Equipment	12,621	0	12,621	0%	100%	-	262	0.00	0.00	0.00	0.00	0.00	0.00
Pioneer Park Play Equipment - Play Equipment	4,854	0	4,854	0%	100%	-	323	0.00	0.00	0.00	0.00	0.00	0.00
Pioneer Park Tennis Courts - Tennis Court Upgrades	116,505	0	116,505	0%	100%	-	262	0.00	0.00	0.00	0.00	0.00	0.00
Ranfurly - Railway Station - Seats	1,000	250	750	25%	100%	262	119	0.00	0.00	0.00	0.00	2.36	0.00
Ranfurly Pool - Bldgs/Improves	0	0	-	0%	100%	1,668	119	0.00	0.00	0.00	0.00	13.99	0.00
Roxburgh Play Equipment - Play Equipment	13,327	0	13,327	0%	100%	-	93	0.00	0.00	0.00	0.00	0.00	0.00
Roxburgh Pool - Bldgs/Improves	1,279,612	127,961	1,151,650	10%	100%	87,274	93	0.00	0.00	0.00	0.00	0.00	942.64
Roxburgh Town Hall - Buildings	393,800	39,380	354,420	10%	100%	30,474	93	0.00	0.00	0.00	0.00	0.00	329.14
Roxburgh Town Hall - Projection Equipment	43,130	4,313	38,817	10%	100%	1,602	93	0.00	0.00	0.00	0.00	0.00	17.30
Rural Res Cromwell Play Equipment - Play Equipment	22,212	15,549	6,664	70%	100%	6,964	322	0.00	0.00	21.64	0.00	0.00	0.00
Tarras Community Centre - Bldgs/Improves	16,582	1,658	14,924	10%	100%	366	322	0.00	0.00	1.14	0.00	0.00	0.00
Tarras Community Centre - Chairs	4,500	1,125	3,375	25%	100%	1,267	322	0.00	0.00	3.94	0.00	0.00	0.00
Tarras Community Centre - Machinery and Plant	5,000	500	4,500	10%	100%	387	322	0.00	0.00	1.20	0.00	0.00	0.00
Toilets - Bldgs/Improves - Lode Ln	0	0	-	0%	100%	1,518	119	0.00	0.00	0.00	0.00	12.74	0.00
Toilets - Bldgs/Improves - Masonic Building	4,713	471	4,242	10%	100%	284	125	0.00	2.27	0.00	0.00	0.00	0.00
Toilets - Bldgs/Improves - Naseby Swimming Dam	80,000	8,000	72,000	10%	100%	6,191	119	0.00	0.00	0.00	0.00	51.94	0.00
Toilets - Bldgs/Improves - Railway	4,576	458	4,118	10%	100%	240	119	0.00	0.00	0.00	0.00	2.02	0.00
Toilets - Bldgs/Improves - Scotland St	99,615	49,807	49,807	50%	100%	3,626	93	0.00	0.00	0.00	0.00	0.00	39.16
Town Centre - Camera	4,500	0	4,500	0%	100%	-	368	0.00	0.00	0.00	0.00	0.00	0.00
Town Centre - Decorations	36,165	0	36,165	0%	100%	-	368	0.00	0.00	0.00	0.00	0.00	0.00
Town Centre - Future of Alexandra	50,000	0	50,000	0%	100%	-	368	0.00	0.00	0.00	0.00	0.00	0.00
Urban Reserves Cromwell Play Equipment - Play Equipment	84,981	0	84,981	0%	100%	-	322	0.00	0.00	0.00	0.00	0.00	0.00
Total COMMUNITY FACILITIES - ALL FACILITIES	8,421,404	895,024	7,526,380			540,573		123	112	960	118	446	1,353

Table 5.2.5 – Water Supply Debt Funding

Central Otago - Water Supply Debt Funding Ratio Assessment															
10 Year Net Growth Cost vs. Revenue Assessment															
Contributing Area	Year	CAPEX	CAPEX Adjusted	CAPEX for Growth	CAPEX for Growth Adjusted	Cumulative Growth Cost	Cumulative Growth Cost Adjusted	New Residential Equivalents	Contributions Received	Contributions Received Adjusted	Cumulative Contributions Received	Cumulative Contributions Received Adjusted	Net Cost Balance	Net Cost Balance Adjusted	Debt % Adjusted
Alexandra															
AX	Existing Debt					485,688.36	485,688.36								
AX	2006	454,100	454,100	87,235	87,235	572,923	572,923	58	252,730	252,730	252,730	252,730	320,193	320,193	15%
AX	2007	2,465,603	2,539,571	769,150	792,225	1,342,074	1,365,148	30	128,892	132,759	381,622	385,489	960,452	979,659	44%
AX	2008	739,039	784,046	166,509	176,649	1,508,582	1,541,797	30	130,181	138,109	511,803	523,598	996,779	1,018,199	46%
AX	2009	787,573	860,602	412,844	451,126	1,921,426	1,992,923	30	131,483	143,675	643,286	667,273	1,278,141	1,325,650	58%
AX	2010	1,335,629	1,503,262	261,808	294,668	2,183,235	2,287,591	31	132,798	149,465	776,084	816,738	1,407,151	1,470,853	64%
AX	2011	341,458	395,843	82,022	95,086	2,265,257	2,382,677	31	134,126	155,488	910,209	972,226	1,355,048	1,410,451	62%
AX	2012	345,112	408,081	81,995	96,955	2,347,252	2,479,633	31	135,467	160,184	1,045,676	1,132,410	1,301,575	1,347,222	60%
AX	2013	369,710	445,910	93,929	113,269	2,441,181	2,592,921	31	136,822	165,022	1,182,498	1,297,432	1,258,683	1,295,489	58%
AX	2014	402,310	494,934	110,875	136,402	2,552,056	2,729,323	32	138,190	170,005	1,320,688	1,467,438	1,231,368	1,261,885	56%
AX	2015	383,316	480,999	118,579	148,797	2,670,634	2,878,119	32	139,572	175,140	1,460,260	1,642,577	1,210,375	1,235,542	55%
AX				2,184,946	2,392,431										Alexandra Debt Funding Ratio
															52%
Cromwell Rural Residential															
RR	Existing Debt					-	-								
RR	2006	235,413	235,413	232,483	232,483	232,483	232,483	14	87,237	87,237	87,237	87,237	145,246	145,246	23%
RR	2007	5,442	5,606	2,598	2,676	235,080	235,158	15	94,216	97,042	181,453	184,279	53,627	50,879	8%
RR	2008	258,484	274,226	241,459	256,164	476,539	491,322	17	101,753	107,950	283,206	292,229	193,333	199,092	30%
RR	2009	33,486	36,591	12,501	13,660	489,040	504,982	9	54,947	60,042	338,153	352,271	150,887	152,711	24%
RR	2010	73,973	83,257	60,144	67,692	549,183	572,674	9	57,145	64,317	395,297	416,588	153,886	156,086	24%
RR	2011	32,602	37,795	11,698	13,561	560,881	586,235	10	59,430	68,896	454,728	485,484	106,153	100,751	17%
RR	2012	74,263	87,813	59,335	70,161	620,216	656,396	10	61,808	73,085	516,535	558,569	103,681	97,827	16%
RR	2013	33,108	39,932	10,123	12,209	630,339	668,605	11	64,280	77,529	580,815	636,097	49,524	32,508	8%
RR	2014	33,260	40,917	9,924	12,209	640,263	680,815	11	66,851	82,242	647,666	718,340	- 7,403	- 37,525	-1%
RR	2015	3,736	4,688	-	-	640,263	680,815	11	69,525	87,243	717,191	805,582	- 76,928	- 124,768	-12%
RR				640,263	680,815										Cromwell Rural Residential Debt Funding Ratio
															14%
Clyde															
CI	Existing Debt					-	-								
CI	2006	457,600	457,600	142,600	142,600	142,600	142,600	17	59,586	59,586	59,586	59,586	83,014	83,014	30%
CI	2007	36,505	37,600	17,087	17,600	159,687	160,200	18	60,778	62,602	120,365	122,188	39,323	38,012	14%
CI	2008	35,442	37,600	16,590	17,600	176,277	177,800	9	30,997	32,885	151,361	155,073	24,916	22,727	9%
CI	2009	34,409	37,600	16,106	17,600	192,384	195,400	9	31,307	34,210	182,668	189,282	9,715	6,118	3%
CI	2010	33,407	37,600	15,637	17,600	208,021	213,000	9	31,620	35,588	214,288	224,871	- 6,267	- 11,871	-2%
CI	2011	32,434	37,600	15,182	17,600	223,203	230,600	9	31,936	37,023	246,224	261,894	- 23,021	- 31,294	-8%
CI	2012	31,798	37,600	14,884	17,600	238,087	248,200	9	32,255	38,141	278,480	300,034	- 40,393	- 51,834	-14%
CI	2013	31,175	37,600	14,592	17,600	252,679	265,800	5	16,289	19,646	294,769	319,681	- 42,089	- 53,881	-15%
CI	2014	30,563	37,600	14,306	17,600	266,986	283,400	5	16,370	20,139	311,139	339,820	- 44,153	- 56,420	-16%
CI	2015	29,964	37,600	14,026	17,600	281,011	301,000	5	16,452	20,645	327,592	360,465	- 46,580	- 59,465	-17%
CI				281,011	301,000										Clyde Residential Debt Funding Ratio
															0%

Contributing Area	Year	CAPEX	CAPEX Adjusted	CAPEX for Growth	CAPEX for Growth Adjusted	Cumulative Growth Cost	Cumulative Growth Cost Adjusted	New Residential Equivalents	Contributions Received	Contributions Received Adjusted	Cumulative Contributions Received	Cumulative Contributions Received Adjusted	Net Cost Balance	Net Cost Balance Adjusted	Debt % Adjusted
Omakau/Ophir															
OO	Existing Debt					38,050	38,050								
OO	2006	60,000	60,000	10,000	10,000	48,050	48,050	3	13,417	13,417	13,417	13,417	34,633	34,633	25%
OO	2007	67,961	70,000	35,599	36,667	83,649	84,717	3	13,619	14,027	27,036	27,444	56,613	57,272	40%
OO	2008	44,165	46,855	10,588	11,233	94,236	95,949	2	9,215	9,776	36,251	37,221	57,985	58,728	41%
OO	2009	41,181	45,000	15,252	16,667	109,489	112,616	2	9,307	10,170	45,558	47,391	63,930	65,224	46%
OO	2010	26,655	30,000	5,923	6,667	115,412	119,282	2	9,400	10,580	54,959	57,971	60,453	61,311	43%
OO	2011	54,904	63,649	16,741	19,408	132,153	138,690	2	9,494	11,007	64,453	68,978	67,700	69,712	48%
OO	2012	38,056	45,000	5,638	6,667	137,791	145,357	2	9,589	11,339	74,043	80,317	63,749	65,040	45%
OO	2013	37,310	45,000	13,819	16,667	151,610	162,024	1	4,843	5,841	78,885	86,158	72,725	75,866	52%
OO	2014	36,578	45,000	13,548	16,667	165,157	178,690	1	4,867	5,987	83,752	92,145	81,405	86,545	58%
OO	2015	33,471	42,000	13,282	16,667	178,439	195,357	1	4,891	6,138	88,643	98,283	89,796	97,074	64%
OO				140,390	157,307								Omakau/Ophir Rural Residential Debt Funding Ratio		46%
Lowburn															
LB	Existing Debt					-	-	20	132,976	132,976	132,976	132,976	- 132,864	- 132,864	-1172%
LB	2006	559	559	112	112	112	112	10	66,488	68,483	199,465	201,459	- 198,956	- 200,939	-1755%
LB	2007	831	856	397	409	508	520	10	66,488	70,537	265,953	271,996	- 263,962	- 269,903	-2328%
LB	2008	4,082	4,331	1,482	1,573	1,991	2,093	10	66,488	72,653	332,441	344,650	- 328,541	- 340,471	-2897%
LB	2009	5,113	5,587	1,909	2,086	3,900	4,179	10	66,488	72,653	332,441	344,650	- 327,221	- 338,986	-2886%
LB	2010	3,431	3,862	1,320	1,485	5,220	5,664	0	-	-	332,441	344,650	- 324,162	- 335,410	-2859%
LB	2011	4,978	5,771	1,786	2,071	7,006	7,735	0	-	-	332,441	344,650	- 322,617	- 333,546	-2845%
LB	2012	3,552	4,200	1,273	1,505	8,278	9,240	0	-	-	332,441	344,650	- 321,101	- 331,682	-2832%
LB	2013	5,055	6,097	1,546	1,864	9,824	11,104	0	-	-	332,441	344,650	- 321,101	- 331,682	-2832%
LB	2014	5,078	6,248	1,515	1,864	11,339	12,968	0	-	-	332,441	344,650	- 321,101	- 331,682	-2832%
LB	2015	570	716	-	-	11,339	12,968	0	-	-	332,441	344,650	- 321,101	- 331,682	-2832%
LB				11,339	12,968								Lowburn Debt Funding Ratio		0%

Table 5.2.6 – Wastewater Debt Funding

Central Otago - Wastewater Debt Funding Ratio Assessment															
10 Year Net Growth Cost vs. Revenue Assessment															
Contributing Area	Year	CAPEX	CAPEX Adjusted	CAPEX for Growth	CAPEX for Growth Adjusted	Cumulative Growth Cost	Cumulative Growth Cost Adjusted	New Residential Equivalents	Contributions Received	Contributions Received Adjusted	Cumulative Contributions Received	Cumulative Contributions Received Adjusted	Net Cost Balance	Net Cost Balance Adjusted	Debt %
Alexandra															
AX	Existing Debt					370,541	370,541								
AX	2006	397,010	397,010	83,367	83,367	453,907	453,907	77	85,580	85,580	85,580	85,580	368,327	368,327	44%
AX	2007	367,961	379,000	116,942	120,450	570,849	574,357	79	87,291	89,910	172,871	175,490	397,978	398,867	47%
AX	2008	380,665	403,848	89,553	95,007	660,402	669,364	40	44,519	47,230	217,390	222,720	443,012	446,644	52%
AX	2009	375,952	410,813	85,413	93,333	745,815	762,697	41	44,964	49,133	262,353	271,853	483,462	490,845	57%
AX	2010	375,364	422,476	84,153	94,715	829,968	857,412	41	45,413	51,113	307,767	322,966	522,201	534,446	62%
AX	2011	360,970	418,463	83,709	97,042	913,677	954,453	41	45,868	53,173	353,634	376,139	560,042	578,314	66%
AX	2012	376,741	445,481	81,199	96,015	994,876	1,050,468	42	46,326	54,779	399,961	430,918	594,915	619,550	70%
AX	2013	433,608	522,979	100,115	120,750	1,094,991	1,171,218	42	46,789	56,433	446,750	487,351	648,241	683,867	77%
AX	2014	427,958	526,487	96,933	119,250	1,191,924	1,290,468	43	47,257	58,137	494,008	545,489	697,917	744,980	83%
AX	2015	212,614	266,796	22,712	28,500	1,214,636	1,318,968	43	47,730	59,893	541,738	605,382	672,899	713,586	80%
AX				844,096	948,428								Alexandra Debt Funding Ratio		64%
Cromwell															
CR	Existing Debt					-	-								
CR	2006	414,875	414,875	193,538	193,538	193,538	193,538	62	153,148	153,148	153,148	153,148	40,389	40,389	3%
CR	2007	1,021,859	1,052,515	299,626	308,614	493,163	502,152	64	155,977	161,686	310,125	314,835	183,038	187,317	15%
CR	2008	594,366	630,563	140,730	149,300	633,893	651,452	39	96,541	102,420	406,666	417,255	227,227	234,197	19%
CR	2009	324,224	354,288	95,623	104,490	729,516	755,942	40	97,989	107,075	504,655	524,330	224,861	231,612	19%
CR	2010	297,151	334,446	92,532	104,145	822,048	860,087	40	99,459	111,942	604,114	636,272	217,934	223,815	18%
CR	2011	315,874	366,184	98,836	114,578	920,884	974,665	41	100,951	117,030	705,065	753,301	215,819	221,364	18%
CR	2012	277,427	328,046	86,292	102,037	1,007,176	1,076,703	42	102,465	121,161	807,530	874,462	199,646	202,241	17%
CR	2013	295,359	356,235	93,494	112,764	1,100,670	1,189,466	42	104,002	125,438	911,532	999,900	189,138	189,567	16%
CR	2014	281,667	346,516	90,154	110,910	1,190,824	1,300,376	43	105,562	129,866	1,017,094	1,129,765	173,730	170,611	14%
CR	2015	61,200	76,796	15,985	20,058	1,206,809	1,320,435	44	107,145	134,450	1,124,239	1,264,215	82,570	56,220	7%
CR				1,206,809	1,320,435								Cromwell Rural Residential Debt Funding Ratio		15%
Omakau/Ophir															
OO	Existing Debt					-	-								
OO	2006	-	-	-	-	-	-	7	13,376	13,376	13,376	13,376	-13,376	-13,376	-9%
OO	2007	31,553	32,500	7,282	7,500	7,282	7,500	8	14,045	14,466	27,421	27,843	-20,140	-20,343	-13%
OO	2008	47,130	50,000	-	-	7,282	7,500	8	14,747	15,645	42,169	43,488	-34,887	-35,988	-23%
OO	2009	22,879	25,000	22,879	25,000	30,160	32,500	2	3,097	3,384	45,265	46,872	-15,105	-14,372	-10%
OO	2010	61,286	68,978	6,295	7,085	36,455	39,585	2	3,128	3,520	48,393	50,393	-11,938	-10,807	-8%
OO	2011	27,918	32,365	27,918	32,365	64,374	71,950	2	3,159	3,662	51,553	54,055	12,821	17,895	8%
OO	2012	51,090	60,412	8,805	10,412	73,179	82,362	2	3,191	3,773	54,743	57,828	18,436	24,534	12%
OO	2013	31,888	38,460	31,888	38,460	105,067	120,822	2	3,223	3,887	57,966	61,715	47,101	59,108	30%
OO	2014	14,233	17,510	14,233	17,510	119,300	138,332	1	1,627	2,002	59,593	63,717	59,706	74,615	39%
OO	2015	35,511	44,560	35,511	44,560	154,810	182,892	1	1,636	2,052	61,229	65,769	93,581	117,123	60%
OO				154,810	182,892								Omakau/Ophir Rural Residential Debt Funding Ratio		9%

Table 5.2.7 – Roading Debt Funding

Central Otago - Roading Debt Funding Ratio Assessment														
10 Year Net Growth Cost vs. Revenue Assessment														
Year	CAPEX	CAPEX Adjusted	CAPEX for Growth	CAPEX for Growth Adjusted	Cumulative Growth Cost	Cumulative Growth Cost Adjusted	New Residential Equivalents	Contributions Received	Contributions Received Adjusted	Cumulative Contributions Received	Cumulative Contributions Received Adjusted	Net Cost Balance	Net Cost Balance Adjusted	Debt %
Existing Debt					65,459	65,459								
2006	5,432,720	5,432,720	1,390,410	1,390,410	1,455,869	1,390,410	403	585,113	585,113	585,113	585,113	870,757	805,298	13%
2007	3,211,144	3,307,478	365,269	376,227	1,821,138	1,766,637	273	395,926	407,804	981,039	992,916	840,099	773,721	13%
2008	3,000,480	3,183,209	352,901	374,393	2,174,039	2,141,030	276	399,885	424,238	1,380,924	1,417,155	793,115	723,875	12%
2009	3,830,126	4,185,282	1,284,864	1,404,006	3,458,903	3,545,036	278	403,884	441,335	1,784,808	1,858,490	1,674,095	1,686,545	26%
2010	3,569,897	4,017,950	593,269	667,730	4,052,173	4,212,765	281	407,923	459,121	2,192,732	2,317,611	1,859,441	1,895,154	29%
2011	2,474,234	2,868,315	302,216	350,352	4,354,389	4,563,117	284	412,002	477,624	2,604,734	2,795,235	1,749,655	1,767,882	27%
2012	3,681,289	4,352,975	1,201,927	1,421,230	5,556,316	5,984,347	287	416,122	492,048	3,020,856	3,287,283	2,535,460	2,697,064	39%
2013	2,799,523	3,376,529	343,295	414,051	5,899,611	6,398,398	290	420,284	506,908	3,441,140	3,794,190	2,458,471	2,604,207	38%
2014	2,817,663	3,466,376	346,748	426,580	6,246,358	6,824,977	293	424,486	522,216	3,865,626	4,316,407	2,380,732	2,508,570	37%
2015	2,507,917	3,147,024	310,104	389,130	6,556,462	7,214,107	296	428,731	537,987	4,294,358	4,854,394	2,262,105	2,359,713	35%
			6,491,003	7,214,107										Debt Funding Ratio
														27%

Table 5.2.8 – Community Facilities Debt Funding

Central Otago - Community Facilities Debt Funding Ratio Assessment															
10 Year Net Growth Cost vs. Revenue Assessment															
Contributing Area	Year	CAPEX	CAPEX Adjusted	CAPEX for Growth	CAPEX for Growth Adjusted	Cumulative Growth Cost	Cumulative Growth Cost Adjusted	Weighted New Residential Equivalents	Contributions Received	Contributions Received Adjusted	Cumulative Contributions Received	Cumulative Contributions Received Adjusted	Net Cost Balance	Net Cost Balance Adjusted	Debt %
DISTRICT WIDE															
DW	2006	4,274,400	4,274,400	369,405	369,405	369,405	369,405	133	73,654	73,654	73,654	73,654	295,751	295,751	33%
DW	2007	1,490,291	1,535,000	141,456	145,559	510,861	514,964	90	49,839	51,284	123,493	124,938	387,368	390,025	43%
DW	2008	997,266	1,058,000	126,402	133,580	637,263	648,543	91	50,337	53,196	173,830	178,134	463,433	470,409	52%
DW	2009	53,078	58,000	1,830	1,983	639,094	650,526	92	50,841	55,071	224,671	233,205	414,422	417,321	46%
DW	2010	521,986	587,500	27,765	30,767	666,859	681,293	93	51,349	56,901	276,021	290,106	390,838	391,187	44%
DW	2011	56,070	65,000	5,607	6,344	672,466	687,636	94	51,863	58,677	327,883	348,783	344,583	338,854	38%
DW	2012	32,136	38,000	3,594	4,144	676,060	691,780	95	52,381	60,390	380,265	409,172	295,795	282,608	33%
DW	2013	35,652	43,000	4,187	4,909	680,247	696,689	96	52,905	62,030	433,170	471,203	247,077	225,487	28%
DW	2014	12,193	15,000	406	484	680,654	697,173	97	53,434	63,590	486,604	534,793	194,049	162,380	22%
DW	2015	948,331	1,190,000	214,371	258,943	895,024	956,116	98	53,969	65,190	540,573	599,983	354,452	356,133	40%
				895,024	956,116										District Wide Debt Funding Ratio
															38%

PART 3 – CALCULATION METHODOLOGY

The methodology described in Part 3 is required to meet Section 198 and Schedule 13 of the Local Government Act 2002.

The methodology has been applied to:

- Water Supply
- Wastewater
- Rooding
- Community Facilities

In addition to the calculation methodology, the following detailed model elements are discussed:

1. Land Use Differentials
2. Capital Expenditure
3. CAPEX for Growth Apportionments
4. Weighted Average Cost of Capital (WACC)
5. Annual Review Adjustments
6. Specific Assessment Matters

Note:

The methodology below differs from the 2005 methodology adopted by Council. The core differences are:

1. Rooding Improvements

The following key changes, having a material impact, have been made to the 2005 contributions:

- Complete a detailed assessment of GFA
- Redefine input variables in differential calculation. The rooding model is now based on standard travel demand data provided by Transfund.

2. Community Facilities

In the 2006 policy, Council has introduced a Community Facilities development contribution.

The methodology described herein details the process to calculate the **development contributions** included in this policy. The development contributions assessed at this stage are for the network infrastructure assets of water supply, wastewater, rooding activities and community facilities.

The approach taken to describe the theoretical methodology, is to describe it in increasing complexity, namely

starting with a “**Basic Model Description**”,
followed by a “**Generalised Model Description**”
and finally an “**Advanced Model Description**”.

Following the theoretical description some key aspects of the calculation are considered. These are described in the advanced model description and include:

1. Land Use Differentials
2. Capital Expenditure
3. CAPEX for Growth Apportionments
4. Weighted Average Cost of Capital (WACC)
5. Annual Review Adjustments
6. Specific Assessment Matters

Basic Model Description

A high level description of the model utilised for assessing development contributions, as described by this policy, is detailed below.

The methodology used here is to define a standard development contribution for a specific unit of demand. The unit of demand is a dwelling equivalent. Therefore the model describes how a dwelling equivalent contribution is calculated.

The key concept of the approach described herein and used by CODC is to define the total capital expenditure (CAPEX) for growth consumed by the growth population over a period of time. This consumption of CAPEX for growth is then apportioned among the increased number of units of demand over the same time period. This defines the long run average cost of growth per unit of demand, the result of which is defined as the dwelling equivalent contribution. This can be represented by the following formula:

Equation 5.3.1

$$\begin{array}{l} \text{Dwelling Equivalent} \\ \text{Contribution} \end{array} = \frac{\Sigma \text{CAPEX for Growth Consumed In Analysis Period}}{\Sigma \text{New Dwelling Equivalents in Analysis Period}}$$

$\Sigma = \text{sum}$

The method can be described simplistically by the following steps.

Step 1: Assess capital expenditure for growth on an asset by asset basis using financial reports (past expenditure) and projected expenditure.

Step 2: Apportion capital expenditure for growth by the growth population (dwelling equivalents) over the **design life** of the asset, to assess the \$/unit of demand for each asset described in 1 above.

Step 3: For each year in the **analysis period** determine the total consumption of asset capacity for each asset identified, namely – \$/unit of demand x the number units of demand.

Step 4: Sum for all assets in each year in the analysis period, namely total capacity consumed in that year, measured in \$.

Step 5: Sum each year in the analysis period and divide by the growth population (new dwelling equivalents) projected over the analysis period to determine the dwelling equivalent contribution.

Or an Alternative Description

Long Run Average Cost of Growth Per Dwelling Equivalent (Unit of Demand)

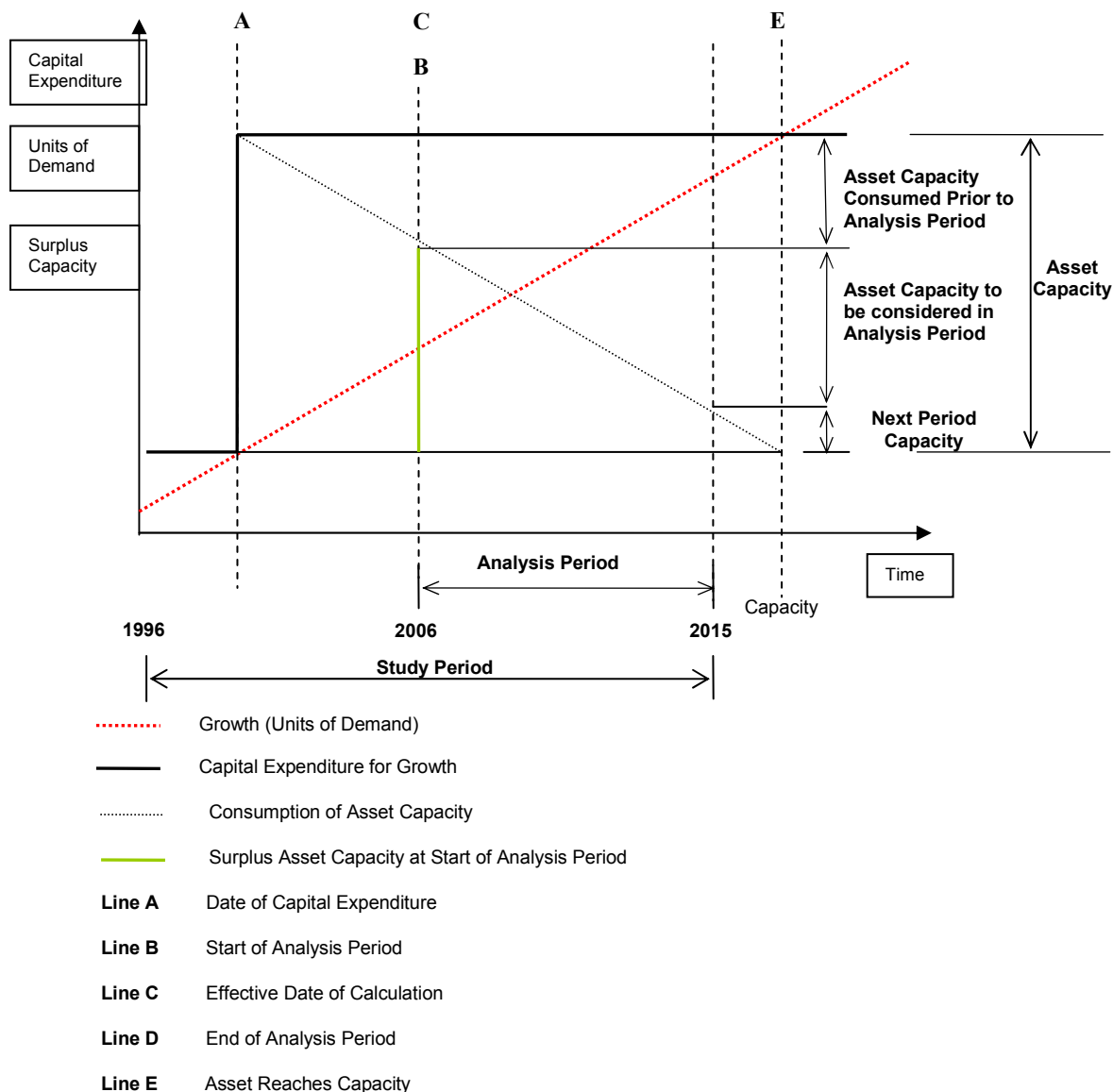
Or an Alternative Description

Dwelling Equivalent Financial Contribution	=	$\frac{\sum \text{CAPEX for Growth Consumed In Analysis Period}}{\sum \text{New Dwelling Equivalents in Analysis Period}}$
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Generalised Model Description

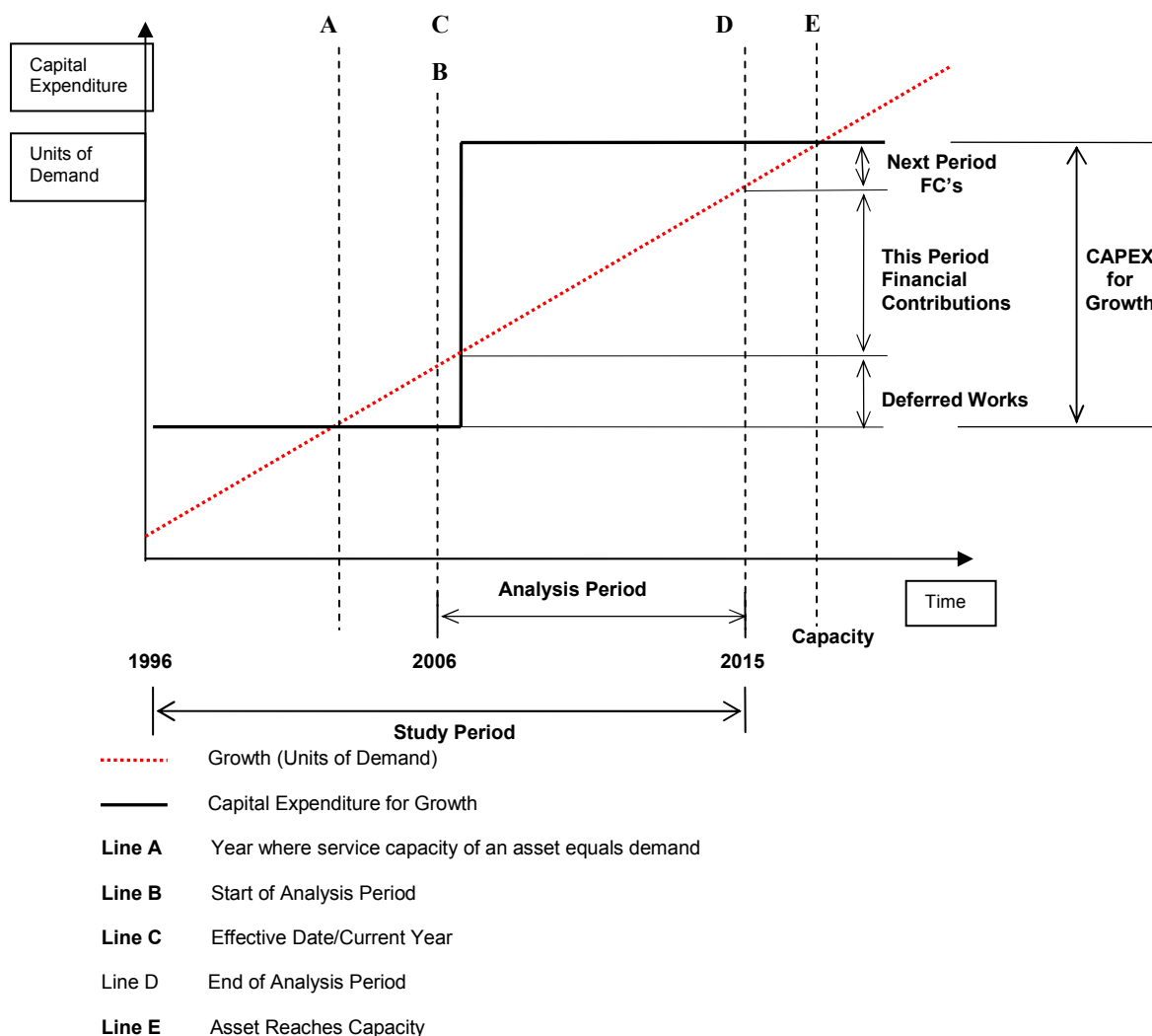
A graphical representation of the generalised model used for assessing the development contributions is as follows. There are two components to be considered, namely 1) for assets which have **surplus capacity** at the start of the analysis period and 2) for assets that are **constructed during** the analysis period. Assets planned for construction beyond the analysis period are ignored.

Figure 5.3.1: Assets with Surplus Capacity



Asset capacity acquired during the study period, but before the analysis period (1996 to 2006), can be considered in the calculations. These are assets with **surplus capacity** at the effective date. The surplus capacity is assessed at the start of the analysis period. The surplus capacity consumed during the analysis period is assessed and apportioned amongst the growth population. Surplus capacity at the end of the analysis period is removed from the calculation and considered in subsequent calculations.

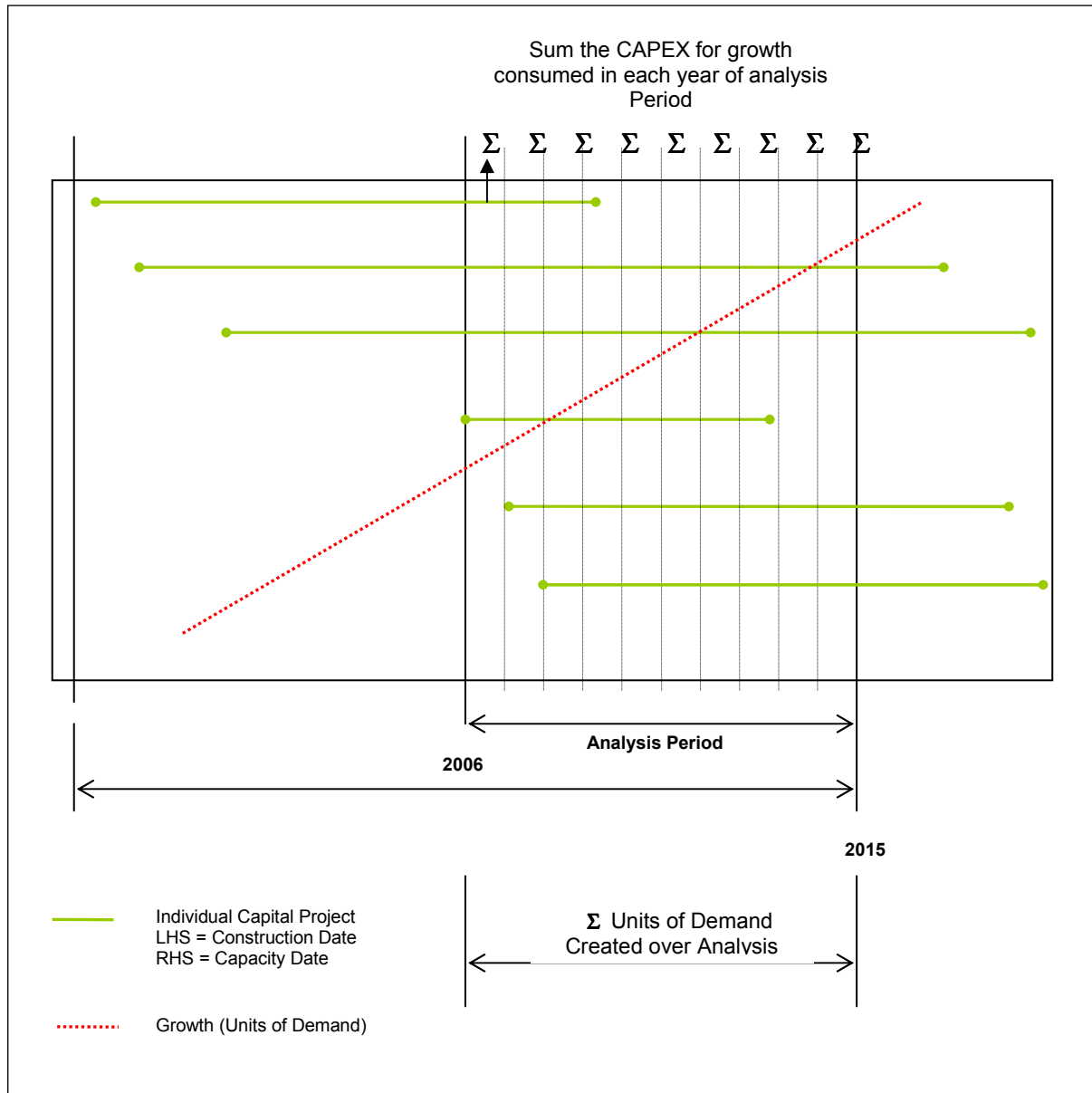
Figure P5.3.2: Assets Created During Analysis Period



Asset capacity **acquired during** the analysis period is also considered in the approach described herein. The consumption of asset capacity during the analysis period is apportioned amongst the growth population. Surplus capacity at the end of the analysis period is removed from the calculation and considered in subsequent calculations.

The key objective of the model is to recover the cost of growth for every capital project over a period of time, namely the date until capacity is reached. The model descriptions in Figures 5.3.1 and 5.3.2 above both use one capital project as an example. To assess the dwelling equivalent financial contribution, the effect of these two diagrams on every capital project providing additional capacity for growth are considered. Figure 5.3.3 below demonstrates how each capital project is considered, where each horizontal line represents a CAPEX for growth.

Figure 5.3.3: Assessing Dwelling Equivalent Financial Contributions



Where units of demand = residential equivalents then:

<p>Dwelling Equivalent Financial Contribution</p>	=	$\frac{\Sigma \text{ CAPEX for Growth Consumed In Analysis Period}}{\Sigma \text{ New Dwelling Equivalents in Analysis Period}}$
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Council development contributions calculated at this stage do not consider the complete 10 years of past CAPEX. Water and wastewater development contributions include historic CAPEX as far back as 2003/04, roading contributions as far back as 2002/03 and community facilities contributions as far back as 2005/06. There is one exception to this and this is the new intakes/bores for water supply on the Clyde scheme. As each year passes, it is likely the development contribution models will grow until they consider 10 years historic, and 10 years future CAPEX, as indicated in the methodology above.

Advanced Model Description

Some of the more detailed aspects of the development contribution calculations are as follows. These are relevant to water, wastewater, roading and community facilities activities only, as development contributions have only been assessed for these.

- **Land Use Differentials** - Dwelling Equivalent (unit of demand) Conversion for Non-Residential Activities;
- **Capital Expenditure**;
- **CAPEX for growth apportionments**;
- **Weighted Average Cost of Capital (WACC)**
- **Annual Review Adjustments**
- **Specific Assessment Matters** – Cromwell Water Calculations

1. Land Use Differentials

Land use differentials are an important part of the calculations. They enable all development and subdivision types (residential and non-residential) to be considered. Non-residential activities can be described using a common unit of demand, which in this case is the dwelling equivalent.

The land use differentials are used in several different ways in the calculation of development contributions, these being:

- 1) **Describe growth in terms of units of demand (dwelling equivalents)** – Apply *factors* (land use differentials) to the existing or past property mix (i.e. residential, accommodation, industrial) to define all property activities as dwelling equivalents. These *factors* represent the average impact/benefit of a non-residential land use in terms of dwelling equivalents and will vary for different activities. Once the property mix is defined in terms of residential equivalents, growth projections can be applied to assess the total units of demand in future years.
- 2) **Apportioning asset capacity** – the model apportions asset capacity using the units of demand (dwelling equivalents) defined above in 1). These apportionments include surplus capacity at the start of the analysis period, capacity consumed during the analysis period and surplus capacity remaining at the end of the analysis period.
- 3) **Determining the number of dwelling equivalent contributions payable at the time of subdivision or development** - a non-residential subdivision or development can be converted into dwelling equivalents to enable a total development contribution payable to be calculated. See Part 4 for assessing development contributions on non-residential subdivisions and developments.

Assessment of Land Use Differentials

In terms of utilising land use differentials for the purpose described above. The methodology for different assets are separate and methodologies are described for water / wastewater, roading and community facilities.

Water and Wastewater

These have been assessed based on consumption for different land uses. Part 4 provides a complete description of how these were derived. These were formulated in 2004. See Tables 5.3.1 and 5.3.2 below for dwelling equivalent conversion factors for assessing total units of demand.

Table 5.3.1 –Water Supply Conversion Factors

Land Use	Conversion Factor
COMMERCIAL AND INDUSTRIAL	1.01
ACCOMMODATION	6.00
HOUSING MULTI UNIT	2.10
RESIDENTIAL	1.00
HOUSING VACANT	1.00
RURAL	1.50
NOT CLASSIFIED	1.00

Table 5.3.2 –Wastewater Conversion Factors

Land Use	Conversion Factor
COMMERCIAL AND INDUSTRIAL	1.55
ALEXANDRA ACCOMMODATION	6.00
HOUSING MULTI UNIT	3.70
RESIDENTIAL	1.00
HOUSING VACANT	1.00
RURAL	1.00
NOT CLASSIFIED	1.00

Roading

Figure 5.3.4 demonstrates how land use differentials for roading contributions have been assessed. Land use differentials have been assessed considering projected expenditure over a 10 year period. This should not be confused with the 10 year analysis period for assessing development contributions as the two are not related. The 10 year expenditure period is used for weighting specific land use impacts to define the total impact each land use will have on network upgrades for growth.

The key components (steps 1 to 3) of Figure 5.3.4 are described below:

Step 1 –Capital Expenditure for Growth – CAPEX to be Funded from Development Contributions.

Objective: To provide a 10-year total of the CAPEX for growth for each general ledger work classification. This provides the basis for weighting impact by land use (step 3).

10-years of capital expenditure for growth has been assessed using the Rooding Activity Management Plan. These have been assessed using Council's general ledger work classification codes.

All non growth CAPEX has been extracted from the calculation.

Step 2 – Impact on Cost of Growth by Land Use Classification

Objective: To understand the impact on the cost of growth by land use group. This considers number, type, and impact of different land use groups on different work classifications.

Key to this process is the Beca Traffic Model (Activity Factors). Gross Floor Area (GFA) is a good variable for measuring different demand from different land uses of different sizes. The rating database has been used to assess the average GFA for different land uses. The Beca model then takes this information and converts these average properties into *Relative Impacts*. The Beca model utilises the Transfund “*Trips and Parking Related Land Use*” data. This information is a collection of nearly 500 surveyed properties assessing travel demand.

In addition the Beca model considers exacerbator and basic costs. Exacerbator costs are attributed to groups of users that have specific impacts/benefits on the roading assets. The exacerbator groups are heavy vehicle, rural and urban. An example of these is footpath construction where 65% of the growth cost is attributed to urban. This 65% is then further apportioned to the average urban properties. In this instance the 65% is equally shared between residential, accommodation and commercial/industrial.

The relative impacts described above are converted into collective impacts for each land use, by multiplying the relative impacts by the projected 10 year growth of each land use group. This is represented by the box that sits between Step 1 and Step 3 in Figure 5.3.4 below.

Figure 5.3.4 – Assessment of Land Use Differentials for Roding Contributions

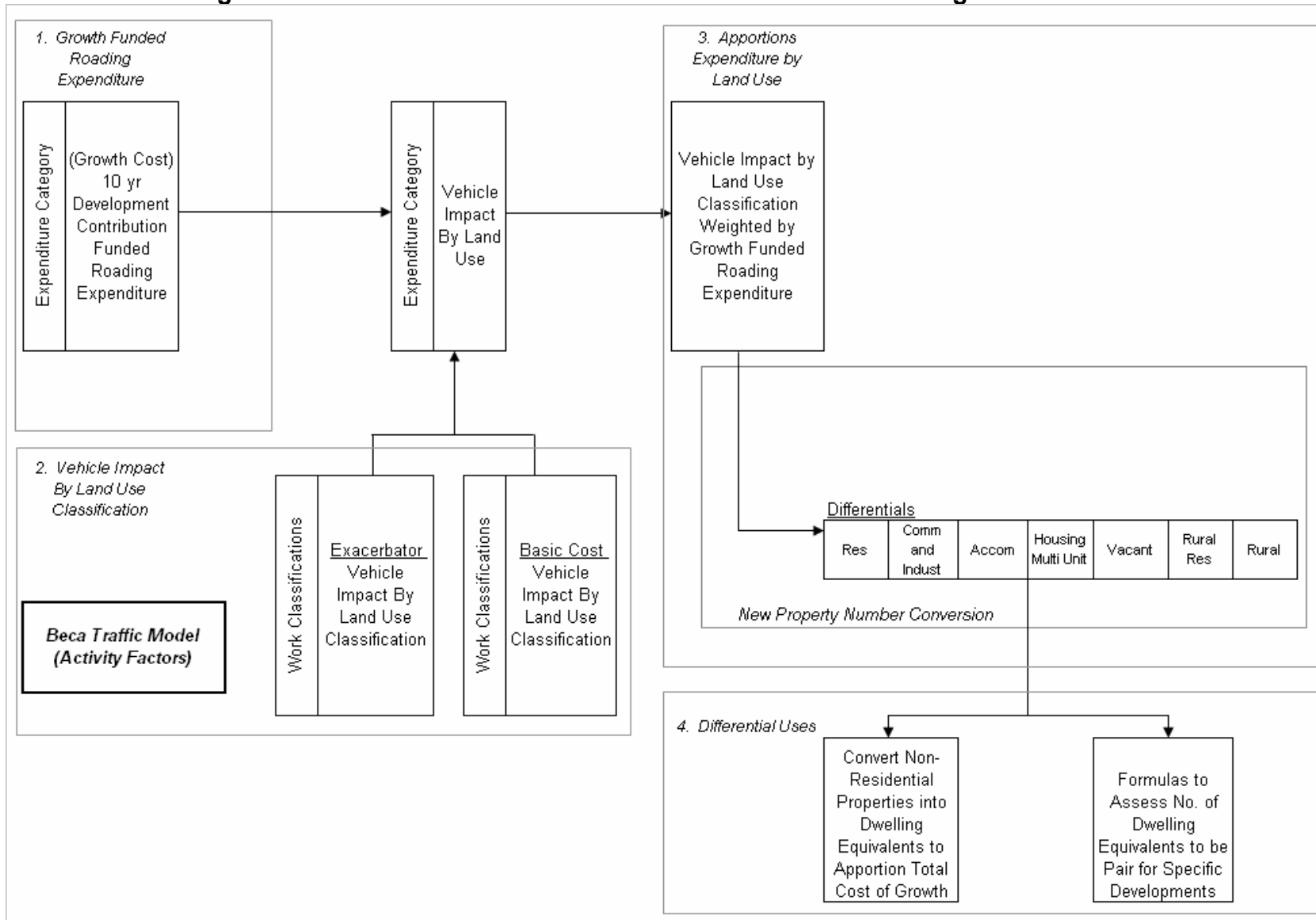


Table 5.3.4 shows Relative Impacts for the exacerbator and basic cost components defined by the Beca Model. The Collective Impacts are shown in Table 5.3.4(3).

Table 5.3.4 – Relative Impacts - Exacerbator / Basic Cost and Collective Impact.

(1) Relative Impacts - Exacerbator Cost

Exacerbator Type	Exacerbator %	RELATIVE IMPACT FACTORS - Per Property Impact	Commercial & Industrial	Hotels & Accom	Housing Multi Unit	Housing Residential	Housing Vacant	Vacant	Rural Residential	Rural
HCV	50%	Area Wide Pavement Treatment	0.36	1.00	-	-	-	-	-	0.64
HCV	30%	Bridge Renewals	0.36	1.00	-	-	-	-	-	0.64
Urban	65%	Cycleway Maintenance	1.00	1.00	1.00	1.00	1.00	1.00	-	-
Urban	65%	Footpath Construction	1.00	1.00	1.00	1.00	1.00	1.00	-	-
Urban	65%	Footpath Renewals	1.00	1.00	1.00	1.00	1.00	1.00	-	-
Urban	65%	Kerb and Channel	1.00	1.00	1.00	1.00	1.00	1.00	-	-
HCV	50%	Maintenance Chip Seals	0.36	1.00	-	-	-	-	-	0.64
	0%	Major Drainage Control	-	-	-	-	-	-	-	-
	0%	Minor Safety	-	-	-	-	-	-	-	-
HCV	30%	Other Structures	0.36	1.00	-	-	-	-	-	0.64
Rural	65%	Pavement Maintenance	-	-	-	-	-	-	1.00	1.00
	0%	Professional Services Subsidised	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Rural	65%	Road Construction (non sub)	-	-	-	-	-	-	1.00	1.00
	0%	Roading General	-	-	-	-	-	-	-	-
Rural	65%	Seal Extensions	-	-	-	-	-	-	1.00	1.00
HCV	20%	Seal Widening	0.36	1.00	-	-	-	-	-	0.64
	0%	Street Furniture	1.00	1.00	1.00	1.00	1.00	1.00	-	-
	0%	Traffic Services	-	-	-	-	-	-	-	-
	0%	Traffic Services (non sub)	-	-	-	-	-	-	-	-

(2) Relative Impacts – Basic Cost

RELATIVE IMPACT FACTORS - Per Property Impact	Commercial & Industrial	Hotels & Accom	Housing Multi Unit	Housing Residential	Housing Vacant	Vacant	Rural Residential	Rural
Area Wide Pavement Treatment	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Bridge Renewals	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Cycleway Maintenance	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Footpath Construction	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Footpath Renewals	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Kerb and Channel	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Maintenance Chip Seals	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Major Drainage Control	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Minor Safety	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Other Structures	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Pavement Maintenance	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Professional Services Subsidised	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Road Construction (non sub)	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Roading General	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Seal Extensions	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Seal Widening	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Street Furniture	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Traffic Services	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94
Traffic Services (non sub)	10.81	8.53	1.00	1.00	1.00	1.00	0.75	1.94

(3) Collective Impact – Combined Exacerbator and Basic Cost

COLLECTIVE IMPACT

Work Type	10 Year CAPEX For Growth	Exacerbator Type	Exacerbator %	Commercial & Industrial	Hotels & Accom	Housing Multi Unit	Housing Residential	Housing Vacant	Rural Residential	Rural
Area Wide Pavement Treatment	151,098	HCV	50%	42%	5%	0%	4%	1%	2%	47%
Bridge Renewals	71,568	HCV	30%	50%	4%	0%	5%	1%	3%	36%
Cycleway Maintenance	-	Urban	65%	46%	3%	1%	33%	7%	1%	7%
Footpath Construction	649,094	Urban	65%	46%	3%	1%	33%	7%	1%	7%
Footpath Renewals	-	Urban	65%	46%	3%	1%	33%	7%	1%	7%
Kerb and Channel	81,609	Urban	65%	46%	3%	1%	33%	7%	1%	7%
Maintenance Chip Seals	620,699	HCV	50%	42%	5%	0%	4%	1%	2%	47%
Major Drainage Control	15,757	0	0%	63%	4%	0%	7%	2%	4%	21%
Minor Safety	893,621	0	0%	63%	4%	0%	7%	2%	4%	21%
Other Structures	-	HCV	30%	50%	4%	0%	5%	1%	3%	36%
Pavement Maintenance	585,404	Rural	65%	22%	1%	0%	3%	1%	22%	51%
Professional Services Subsidised	232,997	0	0%	63%	4%	0%	7%	2%	4%	21%
Road Construction (non sub)	3,173,128	Rural	65%	22%	1%	0%	3%	1%	22%	51%
Roading General	-	0	0%	63%	4%	0%	7%	2%	4%	21%
Seal Extensions	364,672	Rural	65%	22%	1%	0%	3%	1%	22%	51%
Seal Widening	21,963	HCV	20%	55%	4%	0%	6%	1%	3%	31%
Street Furniture	-	0	0%	63%	4%	0%	7%	2%	4%	21%
Traffic Services	120,960	0	0%	63%	4%	0%	7%	2%	4%	21%
Traffic Services (non sub)	6,058	0	0%	63%	4%	0%	7%	2%	4%	21%

Step 3 – Apportion Cost of Growth to Each Land Use

Objective: To apportion the CAPEX for growth to each land use classification.

To achieve this the 10 year CAPEX for growth is weighted by impact tables described in Step 2 for each land use. The results of this are shown below in Table 5.3.5 below.

Table 5.3.5 – Proportion of Roading Growth Cost to be Apportioned to a Land Use Group.

Land Use	
COMMERCIAL & INDUSTRIAL	34.5%
HOTELS & ACCOMMODATION	2.5%
HOUSING MULTI UNIT	0.2%
HOUSING RESIDENTIAL	6.7%
HOUSING VACANT	1.6%
RURAL RESIDENTIAL	14.2%
RURAL	40.3%
	100.0%

These are then converted into differentials. This is completed by assuming residential = 1.0, with the other land use classifications being normalised to 1. Table 5.3.6 shows the output (and the differentials) once Table 5.3.5 has been normalised.

Table 5.3.6 – Differentials by Land Use Group

Land Use	Conversion Factor	Average Property GFA (m ²)
COMMERCIAL & INDUSTRIAL	6.39	464
HOTELS & ACCOMMODATION	5.63	650
HOUSING MULTI UNIT	1.00	Per Unit
HOUSING RESIDENTIAL	1.00	134
HOUSING VACANT	1.00	Per Lot
RURAL RESIDENTIAL	3.04	Per Lot
RURAL	4.10	Per Lot

These figures have two uses. One is to assess the number of dwelling equivalents by which the total growth costs are apportioned. The other is to enable contributions to be assessed at the time of subdivision or development. This process is described in Part 4.

Community Facilities

Figure 5.3.5 demonstrates how land use differentials for community facilities contributions have been assessed. Land use differentials have been assessed considering projected expenditure over a 20 year period (10 years forward and 10 years back). This should not be confused with the 10 year analysis period for assessing development contributions as the two are not related. The 20 year expenditure period is used as a weighting to define the total impact of each land use activity. At present, only two years historical expenditure is held in the model. As each year passes, this will increase until 10 years historical expenditure is held.

The key components (steps 1 to 3) of Figure 5.3.6 are described below:

Step 1 – Capital Expenditure for Growth – CAPEX to be funded by Development Contributions.

Objective: To provide a 20 year total of the CAPEX for growth for each general ledger work classification. This provides the basis for weighting impact by land use (step 3).

20 years of capital expenditure for growth has been assessed using the relevant financial reports (10 years back) and Activity Management Plans (10 years forward). These have been assessed using Councils general ledger work classification codes.

All non growth CAPEX has been extracted from the calculation.

Step 2 – Impact on Cost of Growth by Land Use Classification

Objective: To understand the impact on the cost of growth by land use group. This considers number, type, and impact on different land use groups on different work classifications.

This step is the key element in determining the number of units of demand and determining land use differential formulas.

Table 5.3.7 shows Relative Impact. Relative impact assesses the impact of the typical property in each land use classification compared to one other. Statistics New Zealand's Time Use Survey 1998-99 provided a basis for this calculation. This survey provided detailed information on how much time people spent per day on different activities. This information is on an average day basis which has been determined over the study period of one year.

The relative impacts are then converted into collective impacts. Collective impact is the total impact percentage attributable to each land use on a specific work category. To convert relative impact into collective impact, the relative impact is multiplied by the number of properties in each land use classification.

Table 5.3.5 – Assessment of Land Use Differentials for Community Facilities Contributions

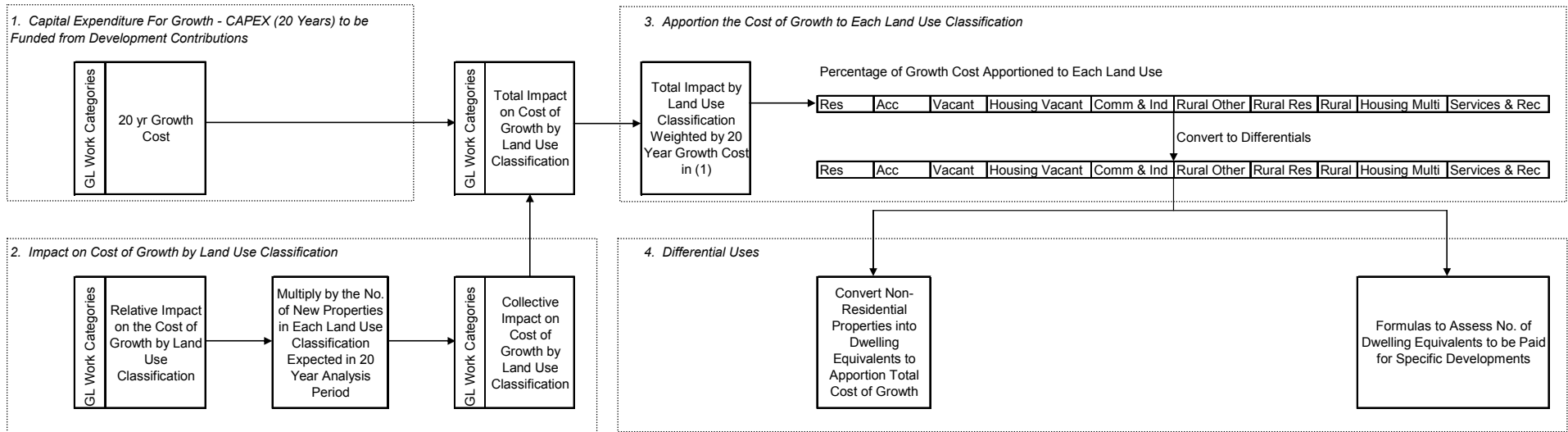


Table 5.3.7 – Relative Impacts for Typical Sized Properties in Each Land Use (Step 2)

Facility Usage										
GL Area	Activity	20 Year Growth Cost	Residential	Accommodation	Vacant	Housing Vacant	Commercial and Industrial	Rural Other	Housing Multi Unit	
24927631	D	Molyneux Pool, Recreation Equipment	2,607	70%	1%	2%	15%	0%	4%	2%
24927636	D	Molyneux Pool, Hydroslide	8,885	70%	1%	2%	15%	0%	4%	2%
34147531	E	Cromwell Memorial Hall, Buildings	117,824	70%	0%	2%	15%		4%	2%
34917531	D	Cromwell Pool, Buildings	288,000	70%	1%	2%	15%	0%	4%	2%
34917551	D	Cromwell Pool, Furniture & Fittings	2,650	70%	1%	2%	15%	0%	4%	2%
54917531	D	Ranfurlly Pool, Bldgs/Improves	2,197	70%	1%	2%	15%	0%	4%	2%
34627634	A	Rural Res Cromwell Play Equipment, Play Equipment	15,549	69%	2%	2%	15%	0%	4%	2%
44617634	A	Clyde and Fraser Domain Play Equipment, Play Equipment	11,650	69%	2%	2%	15%	0%	4%	2%
18617531	F	Toilets, Bldgs/Improves	60,736	69%	2%	2%	15%	0%	4%	2%
24117571	E	Alexandra Community Centre, Machinery and Plant	886	70%	0%	2%	15%		4%	2%
24927571	D	Molyneux Pool, Machinery and Plant	343	70%	1%	2%	15%	0%	4%	2%
24927637	D	Molyneux Pool, Diving Pool	159,383	70%	1%	2%	15%	0%	4%	2%
34177571	E	Tarras Community Centre, Machinery and Plant	500	70%	0%	2%	15%		4%	2%
34917634	D	Cromwell Pool, Play Equipment	2,356	70%	1%	2%	15%	0%	4%	2%
44127531	E	Omakau Community Centre, Bldgs/Improves	943	70%	0%	2%	15%		4%	2%
44137551	E	Ophir Community Centre, Furniture & Fittings	1,250	70%	0%	2%	15%		4%	2%
54177531	E	Community Halls Maniototo, Bldgs/Improves	814	70%	0%	2%	15%		4%	2%
54177571	E	Community Halls Maniototo, Machinery and Plant	999	70%	0%	2%	15%		4%	2%
54217770	E	Naseby Public Hall, Development Costs	6,000	70%	0%	2%	15%		4%	2%
54217811	E	Naseby Public Hall, Land and Building s	4,000	70%	0%	2%	15%		4%	2%
54927785	D	Naseby - Swimming Dam, Swimming Pools/Dams U	4,932	70%	1%	2%	15%	0%	4%	2%
74147531	E	Roxburgh Town Hall, Buildings	39,380	70%	0%	2%	15%		4%	2%
74917531	D	Roxburgh Pool, Bldgs/Improves	127,961	70%	1%	2%	15%	0%	4%	2%
74927571	D	Millers Flat Pool, Machinery and Plant	3,608	70%	1%	2%	15%	0%	4%	2%
74927785	D	Millers Flat Pool, Solar Panels	4,782	70%	1%	2%	15%	0%	4%	2%
341775512	E	Tarras Community Centre, Chairs	1,125	70%	0%	2%	15%		4%	2%
349175111	D	Cromwell Pool, Appliances	2,828	70%	1%	2%	15%	0%	4%	2%
441275512	E	Omakau Community Centre, Chairs	3,171	70%	0%	2%	15%		4%	2%
541675512	E	Ranfurlly - Railway Station, Seats	250	70%	0%	2%	15%		4%	2%
741475715	E	Roxburgh Town Hall, Projection Equipment	4,313	70%	0%	2%	15%		4%	2%
34177531	E	Tarras Community Centre, Bldgs/Improves	1,658	70%	0%	2%	15%		4%	2%
249277702	D	Molyneux Pool, Feasibility Study	485	70%	1%	2%	15%	0%	4%	2%
54177551	E	Community Halls Maniototo, Furniture & Fittings	1,036	70%	0%	2%	15%		4%	2%
54217531	E	Naseby Public Hall, Bldgs/Improves	38,365	70%	0%	2%	15%		4%	2%
24617634	A	Molyneux Park, Play Equipment	21,000	70%	0%	2%	15%		4%	2%
Relative Impact										
A	Parks and Reserves			1.0	2.8	1.0	1.0	0.0	1.0	1.0
B	Council Land			1.0	2.8	1.0	1.0	0.0	1.0	1.0
C	Waterway Facilities			1.0	2.8	1.0	1.0	0.0	1.0	1.0
D	Swimming Pools			1.0	0.9	1.0	1.0	0.0	1.0	1.0
E	Halls			1.0	0.5	1.0	1.0	0.0	1.0	1.0
F	Toilets			1.0	2.8	1.0	1.0	0.0	1.0	1.0
G	Community Development			1.0	0.0	1.0	1.0	0.0	1.0	1.0
H	Libraries			1.0	0.3	1.0	1.0	0.0	1.0	1.0

Step 3 – Apportion Cost of Growth to Each Land Use

Objective: To apportion the CAPEX for growth to each land use classification.

To achieve this the 20 year CAPEX for growth is weighted by impact tables described in Step 2 for each land use. The results of this are shown below in Table 5.3.8.

Table 5.3.8 – Proportion of Community Facilities Growth to be Contributed by Each Land Use Group

	District Wide
Residential	70.1%
Accommodation	0.8%
Vacant	2.0%
Housing Vacant	15.1%
Commercial and Industrial	0.003%
Rural Other	4.4%

These are then converted into differentials. This is completed by assuming residential = 1.0, with the other land use classifications being normalised to 1. Table 5.3.9 shows the output (and the differentials) once Table 5.3.8 has been normalised.

Table 5.3.9 – Community Facilities Conversion Factors

Land Use	Conversion Factor
RESIDENTIAL	1.00
ACCOMMODATION	0.96
VACANT	1.00
HOUSING VACANT	1.00
COMMERCIAL AND INDUSTRIAL	0.02
RURAL OTHER	1.00
HOUSING MULTI UNIT	1.00

These figures have two uses. One is to assess the number of dwelling equivalents by which the total growth costs are apportioned. The other is to enable contributions to be assessed at the time of subdivision or development. This process is described in Part 4.

2. Capital Expenditure

Ten year CAPEX programs for water supply, wastewater, roading and community facilities activities were prepared by Council's Managers. These CAPEX programs are also in Council's Long Term Council Community Plan (LTCCP) and require the disclosures of Schedule 10 of the LGA 2002 to be applied. Due to the significance of this public document, the CAPEX programme contained in the LTCCP is open for public scrutiny and audit. CODC is applying significant resources to the understanding of their assets, including capacity, more thoroughly. It is anticipated that the ten year CAPEX program will alter as improved information becomes available.

3. CAPEX for growth apportionments

The CAPEX identified in 2 above has been apportioned into five cost drivers, these being growth, renewal, level of service, statutory and deferred

works/other. The growth apportionment is the significant driver for assessing development contributions, however determining the others can aid in this process also. The cost drivers have been assessed using several methods. These are:

- Asset Capacity
- Using Design Life of New Assets to Approximate Growth Percentage
- Assessed using professional judgement.

Asset Capacity – Where the existing asset capacity is known and the capacity of the new capital assets is known, the percentage of new capacity vs. existing capacity is used to determine the growth percentage. Non-pipe assets such as wastewater treatment plants and water supply headworks (bores, pumps and reservoirs) have typically had their growth percentage assessed in this manner. This is due to the operational nature of these plants being reasonably well known. The percentages attributable to level of service shifts (i.e. new treatment processes) and asset renewal can be assessed also.

Use Design Life as an Approximate – Where the specific asset capacity increases are unknown (i.e. unknown capacity characteristics such as pipe diameter, pump characteristics) the design life can be used to determine the growth percentage. Typically this percentage relates to projects of a generic nature to the scheme, such as non specific pumping projects and reticulation upgrades. In these instances the growth percentage is applied based on the number of dwelling equivalents (DE) at construction compared to the dwelling equivalents when capacity is reached, namely

$$\text{Growth Percentage} = (DE_{\text{cap}} - DE_{\text{con}}) / DE_{\text{con}}$$

Where: DE_{con} = Dwelling equivalents at construction

DE_{cap} = Dwelling equivalents at capacity date (design life)

This method typically produces the growth percentage and the renewal percentage as the other component.

Professional Judgement – There are some projects where professional judgement is the only tool available to make an assessment of growth. Professional judgement may consider other components of the activity first, namely renewal and level of service. Often the growth component in these situations is assessed as a small component only or the project cost is either small or of a management nature.

Council is investing in understanding its assets in greater detail, particularly in terms of asset capacity. These investments include the purchase and population of capacity models. Recent investment in asset management systems will also provide information on condition, allowing for renewal

activities to be better understood. Council recognises that there are some uncertainties in the assessments that have been made.

As new information becomes available the annual update process will make adjustments to the calculation where appropriate.

4. **Weighted Average Cost of Capital (WACC)**

The following tables demonstrate the WACC applied to the different schemes. These percentages relate to the percentage of the growth cost that will be funded by debt (debt funding ratio). This enables the interest costs to be defined. The cumulative net deficit between the contributions anticipated to be collected and the growth costs over the 10 year period are used to determine the proportion of the growth cost that will be funded by debt. A 7.25% interest rate has been applied, with a payback period being equal to the design life.

The tables disclosed in Part 2, showing revenue collection have been prepared to demonstrate the assessment of the debt funding ratio. The following tables below summaries these.

Table 5.3.10 - Water Supply Debt Funding Ratio

Scheme	Debt Funding Ratio
Alexandra	52%
Cromwell RR	14%
Clyde	0%
Omakau/Ophir	46%
Lowburn	0%

Table 5.3.11 - Wastewater Debt Funding Ratio

Scheme	Debt Funding Ratio
Alexandra	64%
Cromwell	15%
Omakau/Ophir	9%

Table 5.3.12 - Roading Debt Funding Ratio

Scheme	Debt Funding Ratio
District Wide	27%

Table 5.3.13 - Community Facilities Debt Funding Ratio

Scheme	Debt Funding Ratio
District Wide	38%

5. **Annual Review Adjustments**

It is anticipated that the following will be reviewed in this process:

- Identify capital expenditure actually undertaken and whether the projections remain reasonable. This may include adding more capital projects or deleting others.

- Update capital costs to reflect a year of inflation. This will be based on SNZ Labour cost index and Producer Price Index.
- Review population projections.
- Any Asset Planning initiatives including changing levels of service, updated capital projections.
- Update any new information that comes available. This may include additional zoning and scheme boundary changes.
- Correction of any errors or omissions.
- Amendment of growth apportionments

6. **Specific Assessment Matters – Cromwell Water Supply Calculations**

Cromwell water supply connections for the outer areas for the network have been assessed. These are for the rural residential/part residential resource areas, and Lowburn. Supplying water to these areas constitutes a network extension. North Pisa has not been considered as the developers have decided to provide their own supply.

The assessment for these contributions are shown in Part 2. It should be noted that these contributions are made up of three components, namely:

- i) **Component of the growth cost within the Cromwell network** – Some growth expenditure is noted for Cromwell and this has been apportioned on a pro-rata basis to the Cromwell urban, rural residential/part residential resource areas and Lowburn areas.
- ii) **Component of Cromwell asset capacity consumed having been designed for the urban area by MWD at the time of the Clyde Dam construction.** The urban area of Cromwell was provided with suitable future capacity at the time of construction. The extensions to areas outside the urban area, consume the capacity, of some assets, designated for the urban area. These primarily include the bores, pumps, rising mains and reservoir. The consumption of this asset capacity will require augmentation to meet the future needs of the urban area. Therefore it is appropriate that the network extensions contribute towards the consumption of this asset capacity. An apportionment (based on ultimate development) of the asset valuation for these assets has been used for this purpose.

The scheme boundary maps in Appendix B should be consulted to provide a clear picture of where specific Cromwell water supply contributions relate to.

PART 4 - POLICY FOR ASSESSING DEVELOPMENT CONTRIBUTIONS FOR NON-RESIDENTIAL DEVELOPMENTS.

Method for assessing Development Contributions payable for:

- Water Supply
- Wastewater
- Rooding
- Community Facilities

Note:

The policy below differs from the 2005 policy adopted by Council. The core differences are:

1. Community Facilities

In the 2006 policy, Council has introduced a Community Facilities development contribution.

2. Unusual Developments

Some developments that can fall under a category such as commercial often have a significantly different demand on infrastructure than generally allowed under that category. Council reserves the right to individually assess these developments at the time of application.

3. Rural Activities

Pastoral land is considered to be the baseline land use. When the land use changes and a need for a Resource or Building Consent arises, a development contribution may be required. Contributions will be payable for, but in no way limited to:

- Packhouses
- Processing Plant
- Dairy Farms

4. Residential Flats

Residential Flats have been given the following differentials:

- GFA < 60m² = 0.5
- GFA >= 60m² = 1.0

Introduction

The primary objective here is to provide a means for calculating a fair financial contribution for a non-residential development of any type and size. The calculations below provide differentials (multiplier) in terms of dwelling equivalents.

Water Differential

Residential Flats shall be regarded as the following number of dwelling equivalents:

Gross Floor Area (GFA) <= 60m² = 0.5 Dwelling Equivalents

Gross Floor Area (GFA) > 60m² = 1 Dwelling Equivalent

Multi unit developments shall be regarded as 0.8 dwelling equivalents per unit for the purpose of calculating water supply development contributions.

For all other types of development, the equation for calculating the water supply land use differential is shown below:

Equation 5.4.1 Water Differential

$$\text{Water Differential} = (\text{WCF} \times \frac{\text{Peak No of Persons}}{3.0} \times \text{WCIF}) + (\text{NCF} \times \text{NCIF})$$

Where:

WCF = Working Charge Factor

WCIF = Working Charge Impact Factor

NCF = Network Charge Factor

NCIF = Network Charge Impact Factor

Peak No of Persons

Residential = 3.0

Retail = Peak full time staff equivalents

Restaurants = Number of seats + Peak full time staff equivalents

Industrial = 7 for typical industrial otherwise consumption determined at the time of site development

Accommodation = Number of beds + (Peak full time staff equivalents/3)

The equation is designed to assess the growth impact on the water supply network for both the type (land use) and size of a development. The equation returns a differential based on a dwelling equivalent.

The equation is aimed at two specific cost centres. The first is a working charge and the second is a network charge.

The working charge is to mitigate the effects on the network from additional consumption. The objective here is to recognise the marginal cost of the additional development in terms of water consumption i.e. it recognises the type of land use and the size of that development.

The network charge is a fixed charge by land use category. This component of the charge is based on the additional capacity for fire fighting.

The derivation of the separate charges, are described below.

The Working Charge

Definition: The marginal cost of growth on the water supply network recognising both the type (land use category) and the size of a development.

The working charge is represented by this part of the equation:

Equation 5.4.2 – Working Charge Component

$$\text{Working Charge} = \text{WCF} \times \frac{\text{Peak No of Persons}}{3.0} \times \text{WCIF}$$

The working charge component in **Equation 2.2** above has been designed to recognise the effect of both the type and the size of a development on the water supply network. The components of the equation are described below.

The Working Charge Factor (WCF)

The Working Charge Factor assesses the growth impact of different land uses relative to the impact of a residential dwelling. In essence it assesses the per person water consumption for retail, restaurants, industrial and accommodation developments relative to a residential dwelling.

By approaching the problem in this manner we are able to remove the problem of double dipping. An example of double dipping is where a visitor uses local accommodation. Their total water consumption is unlikely to be fully undertaken at their place of accommodation. They are likely to also use restaurants and perhaps other residential properties. Therefore the impact of an additional visitor should not be entirely reflected in the accommodation differential. A similar situation occurs with permanent residents that go to work. We can conclude that an individual's total water consumption cannot be attributed to one land use category.

Flow meter data was not available for assessing the relative consumptions by land use types. Therefore a subjective analysis has been completed. The figures supporting this analysis can be found in Table A1 in Appendix A.

Table A1 in Appendix A firstly shows total water consumption by land use types i.e. showering/bathing, food preparation etc. Each water use type is then apportioned across the land use categories. Multiplying the water use type percentage by the percentage apportioned to a land use category and summing it for that land use gives the percentage impact on total consumption for each land use category. The impact of a land use category relative to the residential impact is the working charge factor.

The working charge factors are as follows: (Refer Table A1 at rear of policy)

Table 5.4.1 – Working Charge Factors

<i>Land Use Category</i>	<i>Working Charge Factors (WCF)</i>
Residential	1.0
Retail/Commercial	0.2
Restaurants	0.2
Industrial	0.3
Accommodation	0.6

To support these figures two sources of information were used. The total residential consumption was assessed from a peak day, namely 450 l/person/day. This produced a figure of 41% of the total consumption (Source MWL Report + Metcalf & Eddy). Also using Metcalf and Eddy it was assumed that 6% of consumption was for public service activities and 15% was lost in leakages. Total consumption for retail/commercial, accommodation, restaurants and industrial uses were assessed from a comparison with these other groups.

Other parts of the Working Charge

There are two other parts of the equation namely, “Peak No of persons / 3.0” and “WCIF”.

The “Peak No of persons / 3.0” takes the number of persons in the development (see above for definition of number of persons for each land use) and divides it by 3.0 to bring it back to a peak dwelling equivalent. The 3.0 is estimated to be the average peak number of persons per dwelling.

There are several issues with the definition of “Peak No of Persons” that need to be explained. Firstly the definition of industrial has suggested that the peak number of persons is 7. This has not been verified and some further investigation maybe required. If an industrial development is considered to be exceptional i.e. having a greater than normal water consumption, the financial contribution should be calculated independently of this equation.

The accommodation “Peak No of Persons” includes the number of full time staff divided by 3.0. This figure represents the relative proportions of water consumed between a guest and an employee. This figure was extracted from Metcalf and Eddy.

The WCIF – Working Charge Impact Factor, is used to assess the relative infrastructure cost impact of the Working Charge compared to the Network Charge. The derivation of both WCIF and the NCIF can be found below in **Section 2.3 – Impact Factors**.

The Network Charge

Definition: Charge for additional infrastructure over and above that required for consumption.

The part of the equation relating to the Network Charge is:

Equation 5.4.3 – The Network Charge

$$\text{Network Charge} = \text{NCF} \times \text{NCIF}$$

In effect the network charge is to cover the provision for fire flows. Fire flows, demand greater infrastructure capacity than that needed for consumption (working charge). The land use category and location of that land use has an effect on the infrastructure Council is required to supply.

The Network Charge Factor (NCF)

The Network Charge Factor has been calculated considering the impact of the New Zealand Fire Service Code of Practice for Fire Fighting Water Supplies.

See Table A2 in Appendix A for further details of the calculation. The basis for this calculation, namely costs, can be found in Table A3 in Appendix A. The fire code classifications are no longer the most recent classifications. This however does not change the analysis.

The NCF is assessed relative to a residential dwelling (dwelling equivalent). The calculation takes into account a differential for reticulation, hydrants and storage. Fire risk classifications, including relative proportions of that fire risk have been applied to each land use category. These have been approximated using Alexandra.

The Network Charge Factors for water supply are as follows: (Refer Table A2 - Appendix A)

Table 5.4.2 – Working Charge Factors

<i>Land Use Category</i>	<i>Network Charge Factors (NCF)</i>
Residential	1
Retail	3.1
Restaurants	3.1
Industrial	3.1
Accommodation	3.5

The Network Charge Impact Factor (NCIF)

This is similar to the Working Charge Factor. See description provided below in ***Impact Factors***.

Impact Factors

There are two impact factors namely the Working Charge Impact Factor (WCIF) and the Network Charge Impact Factor (NCIF). These recognise the relative cost of the working (consumption) and the network components of the water supply infrastructure.

Table 5.4.3 below shows the impact factor derivation.

Table 5.4.3 – Impact Factor Calculation

IMPACT FACTOR CALCULATION			
Asset Component	Percentage of Network Value	Percentage of Working Charge	Percentage of Network Charge
Reticulation	70%	50%	50%
Treatment	1%	100%	
Pumping	9%	75%	25%
Storage	20%	75%	25%
		58%	42%
Working Charge Impact Factor (WCIF)		60%	
Network Charge Impact Factor (NCIF)		40%	

Wastewater Differential

The wastewater differential does not have the same difficulties that the water supply differential has. The network charge component of the water differential equation can be removed, as sewerage assets do not have the requirement for additional facilities such as fire fighting. Taking out the network charge component removes the need for the Working Charge Impact Factor (WCIF). Finally the Working Charge Factor (WCF) has been modified to exclude the irrigation and leakage components found in the WCF calculation for water. These have no effect on the wastewater differential. This approach is reasonable as it is assumed that internal (not for irrigation) water consumption is proportional to the wastewater generation.

Residential Flats shall be regarded as the following number of dwelling equivalents:
 Gross Floor Area (GFA) <= 60m² = 0.5 Dwelling Equivalents
 Gross Floor Area (GFA) > 60m² = 1 Dwelling Equivalent

Multi unit developments shall be regarded as 1 dwelling equivalent per unit for the purpose of calculating wastewater development contributions.

For all other types of development, the equation for calculating the wastewater land use differential is as follows:

Equation 5.4.4 - Wastewater Differential

Wastewater Differential = WCF x $\frac{\text{Peak No of Persons}}{3.0}$

The exclusion of the irrigation and leakage components from the Working Charge Factor (WCF) for water has no impact on these factors. Therefore the WCFs for both water and wastewater are the same. It is possible to demonstrate this on a spreadsheet. See Table A1 in Appendix A for the calculation of the WCF for wastewater.

The Network Charge Factors for wastewater are as follows:

Table 5.4.4 – Working Charge Factors

(Refer Table A1 in Appendix A)

Land Use Category	Working Charge Factors (WCF)
Residential	1.0
Retail/Commercial	0.2
Restaurants	0.3
Industrial	0.4
Accommodation	0.6

Examples

Example of the differential equations are shown below:

Example 1:

A restaurant with 50 seats and 10 full time staff equivalents.

$$\begin{aligned}\text{Water Differential} &= (0.2 \times (50 + 10)/3.0 \times 0.6) + (3.1 \times 0.4) \\ &= 3.6 \text{ Residential Equivalents}\end{aligned}$$

$$\begin{aligned}\text{Wastewater Differential} &= 0.3 \times (50 + 10)/3.0 \\ &= 6.0 \text{ Residential Equivalents}\end{aligned}$$

Example 2:

A residential dwelling.

$$\begin{aligned}\text{Water Differential} &= (1.0 \times 3.0/3.0 \times 0.6) + (1.0 \times 0.4) \\ &= 1.0 \text{ (As expected)}\end{aligned}$$

$$\begin{aligned}\text{Wastewater Differential} &= 1.0 \times 3.0/3.0 \\ &= 1.0 \text{ (As Expected)}\end{aligned}$$

Example 3:

A motel complex with 25 beds and 3 full time staff equivalents.

$$\begin{aligned}\text{Water Differential} &= (0.6 \times (50 + 3/5)/3.0 \times 0.6) + (3.5 \times 0.4) \\ &= 7.5 \text{ Dwelling Equivalents}\end{aligned}$$

$$\begin{aligned}\text{Wastewater Differential} &= 0.6 \times (50 + 3/5)/3.0 \\ &= 10.2 \text{ Dwelling Equivalents}\end{aligned}$$

Example 4:

A hotel with 25 beds and 3 staff, including a 30 seat restaurant requiring 5 full time staff equivalents.

$$\begin{aligned}\text{Water Differential} &= [(0.6 \times (50 + 3/5)/3.0 \times 0.6) + (3.5 \times 0.4)] + [(0.2 \times (30 + 5)/3.0 \times 0.6) + (3.1 \times 0.4)] \\ &= 10.1 \text{ Dwelling Equivalents}\end{aligned}$$

$$\begin{aligned}\text{Wastewater Differential} &= (0.6 \times (50 + 3/5)/3.0) + (0.3 \times (30 + 5)/3.0) \\ &= 13.6 \text{ Dwelling Equivalents}\end{aligned}$$

Roading Differential

With the exception of Rural and Residential properties, it is considered that the most appropriate method to assess the impact of individual properties is through Gross Floor Area (GFA). The calculation of the land use differentials defined below in Table 5.4.5 are described in detail in Part 3.

Table 5.4.5 – Assessing Roothing Contributions

Land Use Classification	Differential	Average Property GFA (m ²)	Dwelling Equivalents per 100m ² GFA	\$/Property or \$/100m ²
Residential	1.0		Per Property	1,450
Residential Flats (<60m ²)	0.5		Per Flat	725
Residential Flats (>=60m ²)	1.0		Per Flat	1,450
Commercial and Industrial	6.4	464	1.38	2,000
Hotels & Accommodation	5.6	650	0.87	1,249
Housing Multi Unit	1.0		Per Unit	1,450
Housing Vacant	1.0		Per Property	1,450
Vacant	1.0		Per Property	1,450
Rural Residential	3.0		Per Property	4,350
Rural & Rural Other	4.1		Per Property	5,945

Equation 5.4.5 below demonstrates how this table should be applied.

Equation 5.4.5 - Roothing Differential

Roothing Contribution (1) =	$\frac{\text{GFA}}{100\text{m}^2}$	x	\$/100m ² (from Table 5.4.5 above)
Or			
Roothing Contribution (2) =	No. of Properties	x	\$/Property (from Table 5.4.5 above)

Equation (1) above should be used for commercial / industrial and accommodation applications.

When calculating the number of dwelling equivalents for Roothing contributions, if the Gross Floor Area (GFA) is unknown, which may be the case at the subdivision or land use consent stage, then Table 5.4.6 below will be used to estimate the GFA.

Table 5.4.6 GFA Estimates

Recommended Estimate If GFA Is Unknown			
	Category	GFA	Contribution Payable (excl. GST)
Commercial (Land Size <= 300 m ²)	CI	150	\$3,000
Commercial (300m ² < Land Size <= 700m ²)	CI	240	\$4,800
Commercial (700m ² < Land Size <= 1100m ²)	CI	270	\$5,400
Commercial (Land Size > 1100m ²)	CI	350	\$7,000
Commercial BA (1) (Land Size <= 300 m ²)	CI	600	\$12,000
Commercial BA (1) (300m ² < Land Size <= 700m ²)	CI	600	\$12,000
Commercial BA (1) (700m ² < Land Size <= 1100m ²)	CI	600	\$12,000

Commercial BA (1) (Land Size > 1100m ²)	CI	600	\$12,000
Industrial (Land Size <= 1200m ²)	CI	250	\$5,000
Industrial (1200m ² < Land Size <= 2100m ²)	CI	330	\$6,600
Industrial (2100m ² < Land Size <= 5200m ²)	CI	480	\$9,600
Industrial (Land Size > 5200m ²)	CI	940	\$18,800
Accommodation (Land Size <= 1400m ²)	HA	370	\$4,621
Accommodation (1400m ² < Land Size <= 3600m ²)	HA	530	\$6,620
Accommodation (3600m ² < Land Size <= 12700m ²)	HA	610	\$7,619
Accommodation (Land Size > 12700m ²)	HA	610	\$7,619

Where for Housing Multi Unit the No. of Properties is the No. of Units.

Where the applicant is able to demonstrate the GFA estimates in Table 5.4.6 are not applicable they may request a stage 1 review as defined by Section 2.6 of this document.

Community Facilities Differential

As with roading, it is considered that the most appropriate method to assess the impact of individual properties is through Gross Floor Area (GFA). The average properties are defined as those with the following GFA's/Land Areas:

Table 5.4.7 – Assessing Community Facilities Contributions

Land Use Classification	Differential	Average Property GFA (m ²)	Dwelling Equivalents per 100m ² GFA
Residential	1	134	N/A*
Commercial and Industrial	0.02	464	0.004
Hotels & Accommodation	0.96	650	0.148

* N/A as all residential properties are charged 1 dwelling equivalent contribution.

Given that the average property should result in the number of dwelling equivalents being equal to the land use differentials, the Equation 5.4.6 can be applied.

Equation 5.4.6 - Community Facilities Differential

$\text{Community Facilities Dwelling Equivalents} = \frac{\text{GFA}^*}{\text{Average Property GFA}^*} \times \text{Land Use Differential}$

When calculating the number of dwelling equivalents for community facilities contributions, if the Gross Floor Area (GFA) is unknown, which may be the case at the subdivision or land use consent stage, then Table 5.4.8 will be used to estimate the GFA.

Table 5.4.8 – GFA Estimates

Recommended Estimate If GFA Is Unknown		
	Category	GFA
Commercial (Land Size <= 300 m ²)	CI	150
Commercial (300m ² < Land Size <= 700m ²)	CI	240
Commercial (700m ² < Land Size <= 1100m ²)	CI	270
Commercial (Land Size > 1100m ²)	CI	350
Commercial BA (1) (Land Size <= 300 m ²)	CI	600
Commercial BA (1) (300m ² < Land Size <= 700m ²)	CI	600
Commercial BA (1) (700m ² < Land Size <= 1100m ²)	CI	600
Commercial BA (1) (Land Size > 1100m ²)	CI	600
Industrial (Land Size <= 1200m ²)	CI	250
Industrial (1200m ² < Land Size <= 2100m ²)	CI	330
Industrial (2100m ² < Land Size <= 5200m ²)	CI	480
Industrial (Land Size > 5200m ²)	CI	940
Accommodation (Land Size <= 1400m ²)	HA	370
Accommodation (1400m ² < Land Size <= 3600m ²)	HA	530
Accommodation (3600m ² < Land Size <= 12700m ²)	HA	610
Accommodation (Land Size > 12700m ²)	HA	610

Where the land use differentials are:

Table 5.4.9 - Land Use Differentials

	District Wide
Residential	1.00
Residential Flat (<60m ²)	0.50
Residential Flat (>=60m ²)	1.00
Accommodation	0.96
Vacant	1.00
Housing Vacant	1.00
Commercial and Industrial	0.02
Rural Other	1.00
Housing Multi Unit	1.00

The land use classifications in the table above are based on the rates database, being the primary source of past, existing and projected number of properties by land use.

Table A1 - Working Charge Factors

Water Working Charge Factor			Water Use Type Apportionment				
<i>Water Use Type</i>	<i>Percentage of Total Water Consumed</i>		<i>Residential</i>	<i>Retail / Commercial</i>	<i>Restaurants</i>	<i>Industrial</i>	<i>Accommodation</i>
Toilets	12.5%		47%	10%	10%	5%	28%
Showering/Bathing	10.0%		63%				38%
Food Preparation	5.0%		44%	10%	15%	5%	26%
Cleaning	5%		41%	10%	15%	10%	24%
Laundry	8%		47%	7.5%	10%	8%	28%
Irrigation	20.0%		63%				38%
Industrial	5%					100%	
Others	14%		25%	20%	20%	20%	15%
Public Service	6%						
Leakages	15%						
	100%						
Percentage Impact by Land Use Working Charge Factors (WCF)			36%	6%	6%	10%	22%
			1.0	0.2	0.2	0.3	0.6
Wastewater Working Charge Factor			Wastewater Type Apportionment				
<i>Wastewater Type</i>	<i>Percentage of Total Water Consumed</i>	<i>Percentage of Wastewater Generated</i>	<i>Residential</i>	<i>Retail</i>	<i>Restaurants</i>	<i>Industrial</i>	<i>Accommodation</i>
Toilets	12.5%	16%	47%	10%	10%	5%	28%
Showering	10.0%	13%	63%				38%
Food Preparation	5.0%	6%	44%	10%	15%	5%	26%
Cleaning	5%	6%	41%	10%	15%	10%	24%
Laundry	8%	9%	47%	8%	10%	8%	28%
Irrigation	20.0%	0%					
Industrial	5%	6%				100%	
Others	14%	18%	25%	20%	20%	20%	15%
Public Service	6%	8%					
Leakages/Infiltration	15%	19%					
	100%	100%					
Percentage Impact by Land Use Working Charge Factors (WCF)			29%	7%	8%	12%	18%
			1.0	0.2	0.3	0.4	0.6

Table A2 - Network Charge Factor (NCF) Calculation

Network Charge Factor- as a result of fire flow requirements

Fire Codes by Land Use

Land Use Category	General Fire Code Rating and Mix
Residential	D(15%), E(85%)
Retail/Commercial	C(50%), D(50%)
Restaurants	C(50%), D(50%)
Industrial	C(50%), D(50%)
Accommodation	C(75%), D(25%)

Pipes + Hydrants

Land Use Category	Relative Pipe + Hydrant Costs	Pipe + Hydrant Differentials
Residential	103.53	1
Retail/Commercial	208.01	2.0
Restaurants	208.01	2.0
Industrial	208.01	2.0
Accommodation	214.56	2.1

Storage

Land Use Category	Relative Storage Differentials	Storage Differentials
Residential	1.4	1
Retail/Commercial	5.8	4.2
Restaurants	5.8	4.2
Industrial	5.8	4.2
Accommodation	6.9	5.0

Working Charge Factor Calculation - Assumes a 50/50 allocation of the two differentials above

Land Use Category	Pipe + Hydrant Differentials	Storage Differentials	Network Charge Factor (NCF)
Residential	1	1	1
Retail/Commercial	2.0	4	3.1
Restaurants	2.0	4	3.1
Industrial	2.0	4	3.1
Accommodation	2.1	5	3.5

Table A3 - Basis for the NCF Calculation

Network Charge Factor

Assumptions:

Pipe Calculation

Assume Class E is a 100mm pipe

Assume that each risk classification jump means a increase in pipe capacity of 100%

<i>Pipe Calculation</i>	<i>Fire Risk Classification</i>	<i>Pipe Radius (mm)</i>	<i>Pipe Diameter Required</i>	<i>\$/m</i>
	E - 25 l/sec		100	\$ 80.00
	D - 50 l/sec	0.07	150	\$ 187.50
	C - 100 l/sec	0.10	200	\$ 210.00

Cost extracted from recent valuation

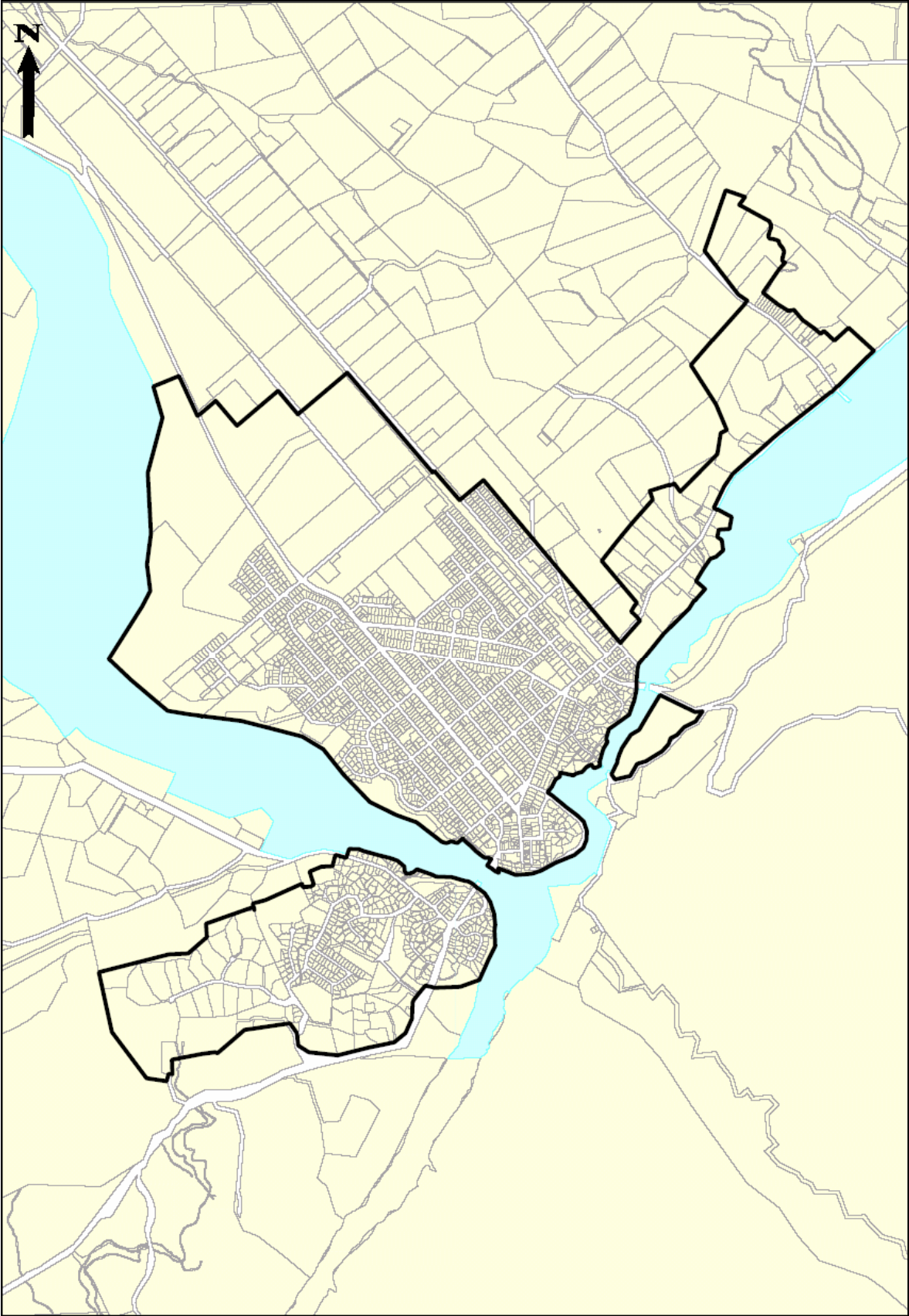
Hydrant Calculation

<i>Hydrant Cost</i>	<i>Fire Risk Classification</i>	<i>Required</i>	<i>\$/m</i>
	E	1 per 135m	7.41
	D	1 per 135m	7.41
	C	1 per 90m	11.11

Storage Calculation

<i>Storage Cost</i>	<i>Fire Risk Classification</i>	<i>Volume (m3)</i>	<i>Cost (\$)</i>	<i>Storage Differential</i>
	E	90000	50,000	1
	D	360000	175,000	3.5
	C	1080000	400,000	8

ALEXANDRA WATER SUPPLY – SCHEME BOUNDARY



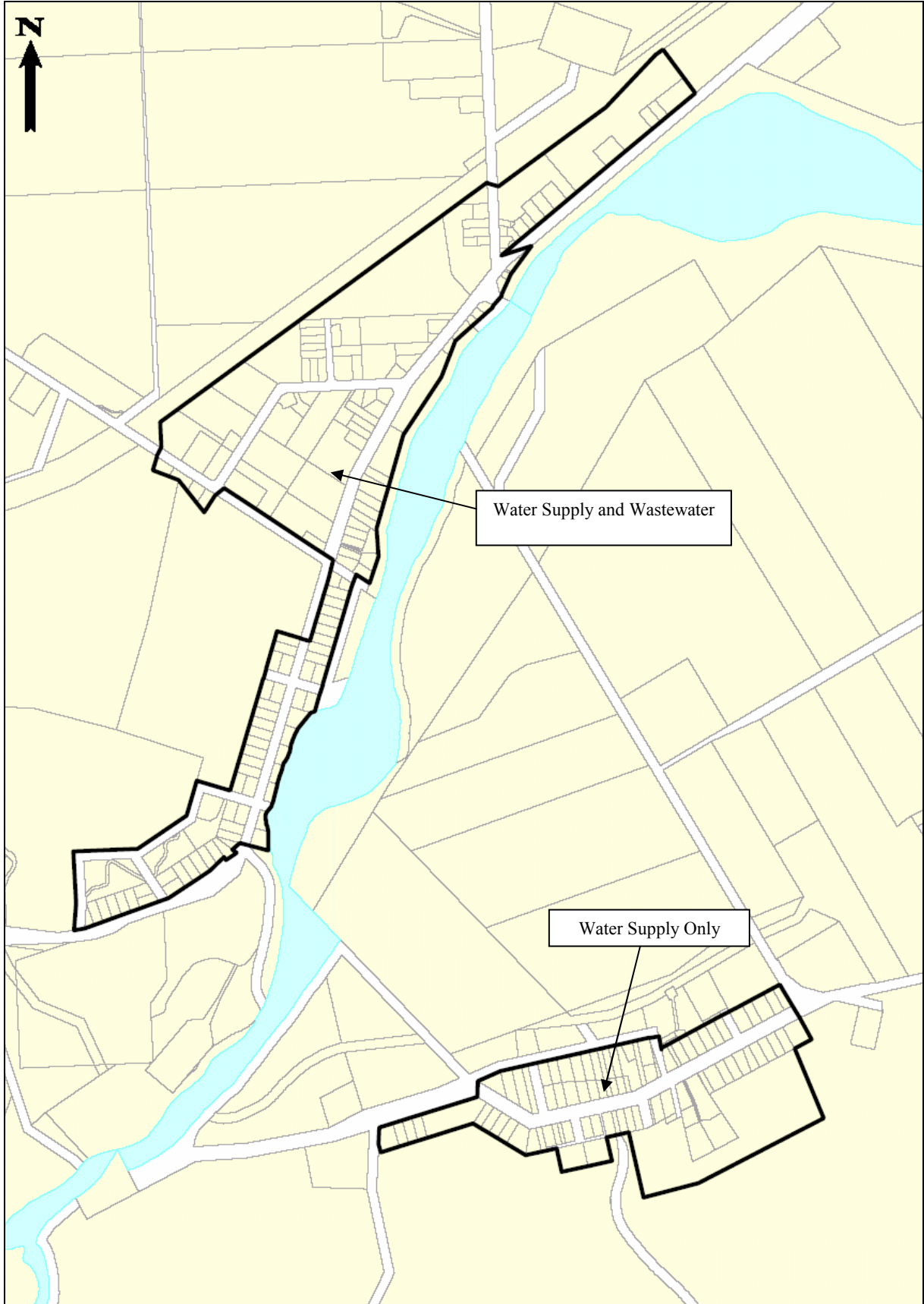
ALEXANDRA WASTEWATER – SCHEME BOUNDARY



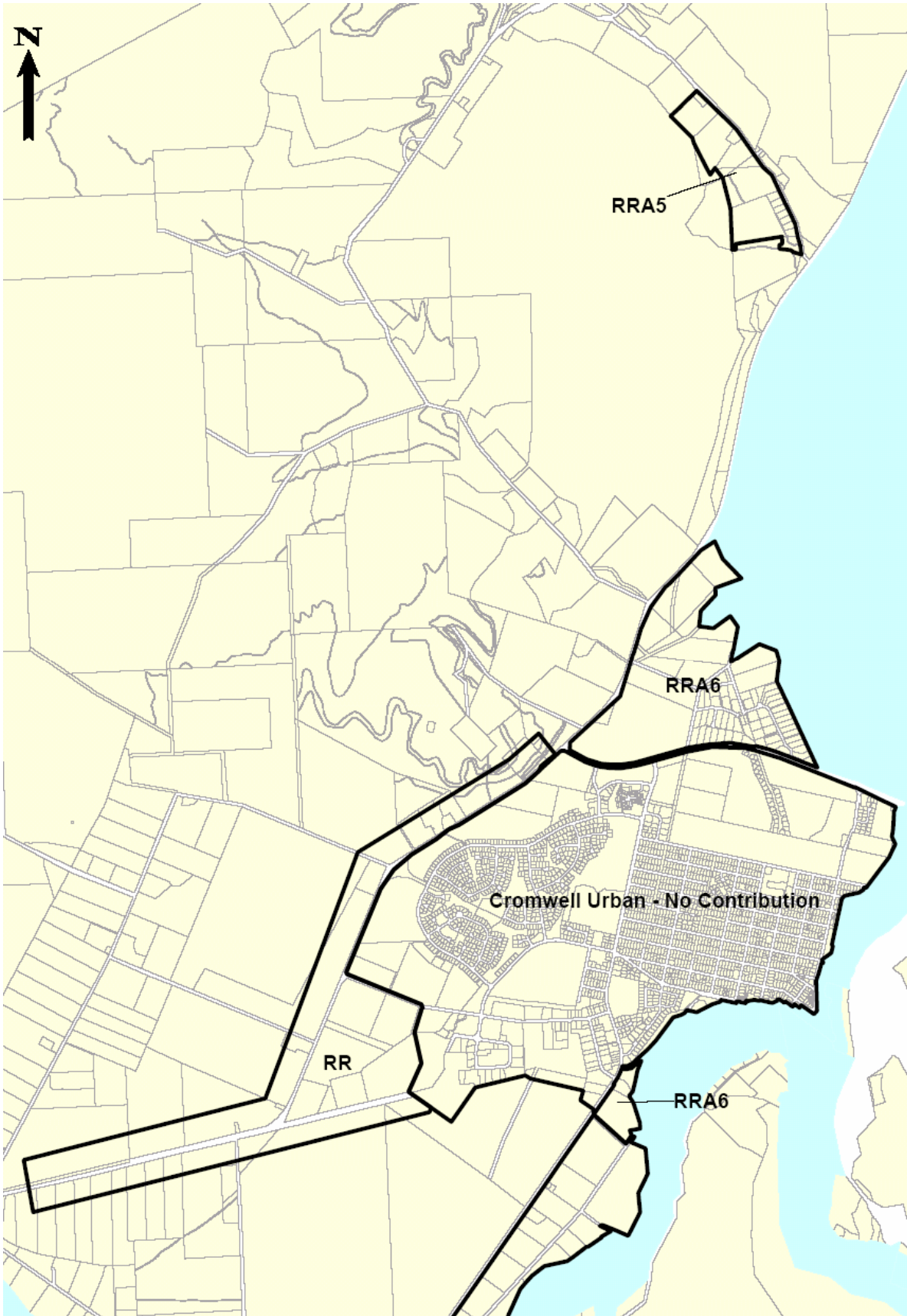
CLYDE WATER SUPPLY – SCHEME BOUNDARIES



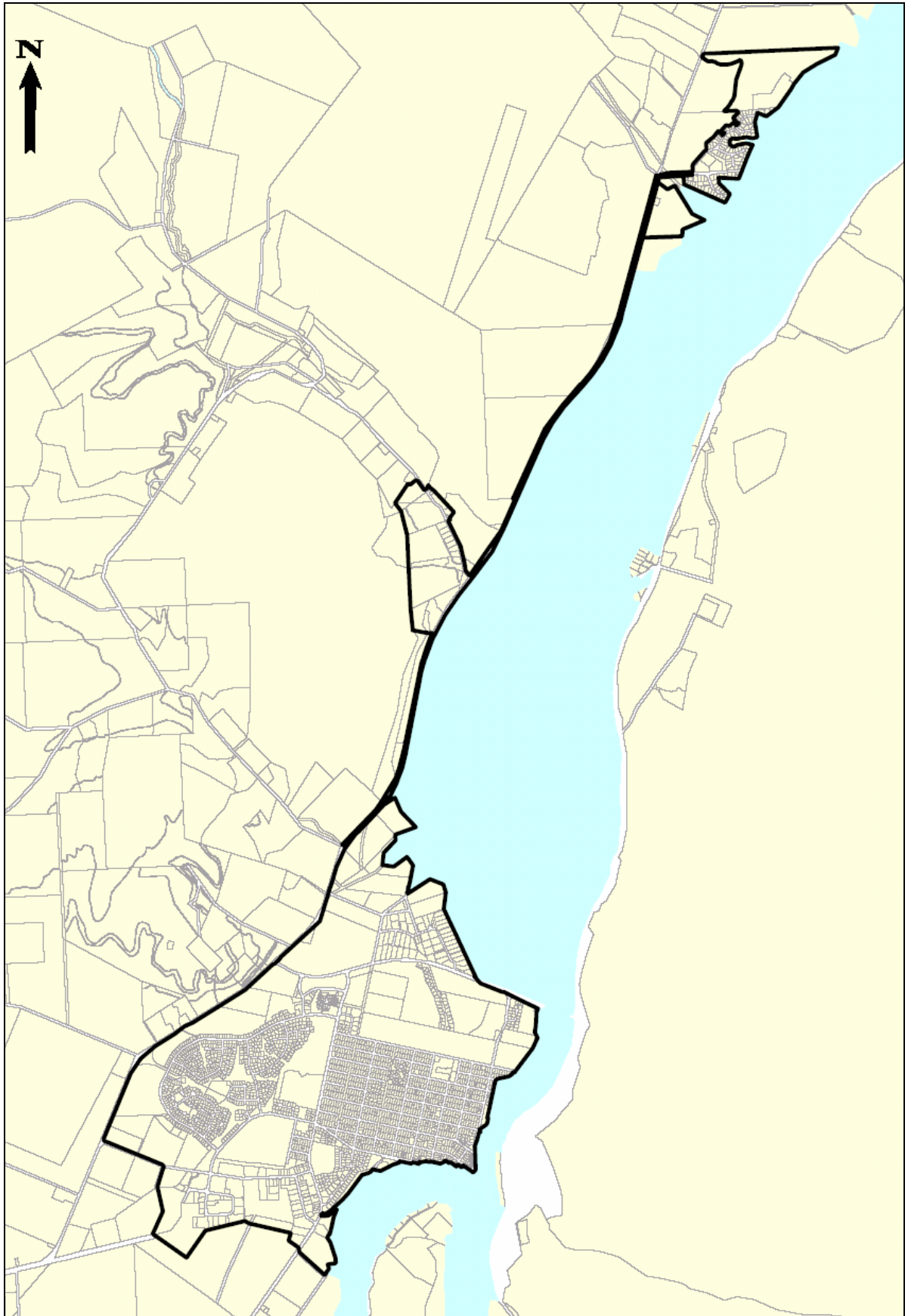
OMAKAU/OPHIR WATER SUPPLY & WASTEWATER – SCHEME BOUNDARIES



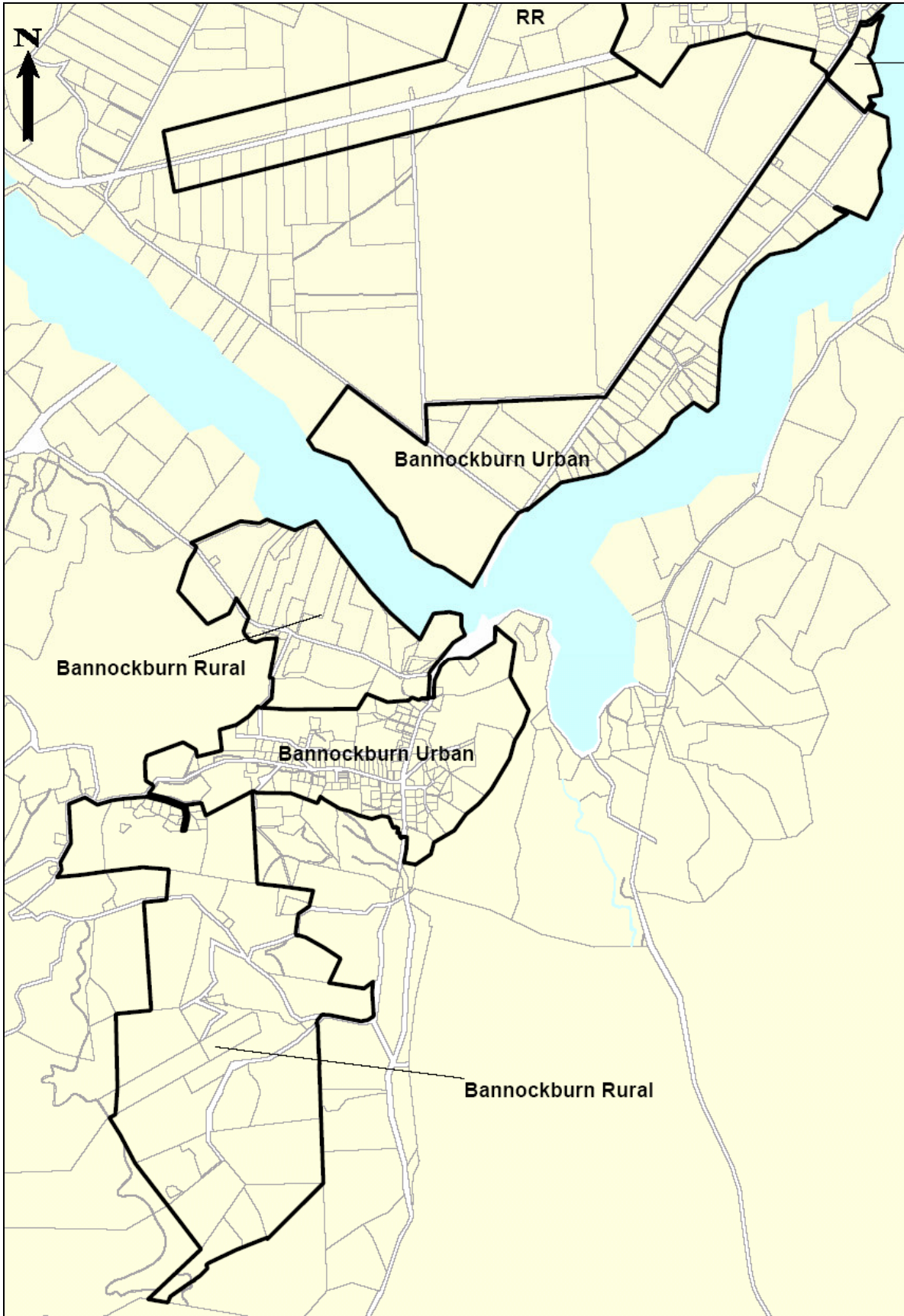
CROMWELL WATER SUPPLY – SCHEME BOUNDARY



CROMWELL WASTEWATER – SCHEME BOUNDARY



BANNOCKBURN WATER SUPPLY – SCHEME BOUNDARY



BANNOCKBURN WASTEWATER – SCHEME BOUNDARY



I. GRANTS POLICY

1. INTRODUCTION

The purpose of this document is to establish broad funding policies and principles which form a basis for funding the grants listed in section (2).

Grants should meet the criteria in section (3).

Grant funds will be considered during the Long Term Council Community Plan or Annual Plan process.

2. GRANTS FUNDED BY THE CENTRAL OTAGO DISTRICT COUNCIL AND COMMUNITY BOARDS

2.1 Throughout this policy “Council” means:

- Central Otago District Council (CODC)
- Committees and Sub-Committees of CODC
- Community Boards in CODC

2.2 Community Grants

Council’s policy seeks to support and resource initiatives that meet identified community needs, which contribute to community empowerment and strengthen communities. Community grants are primarily for the benefit of the district’s residents.

2.3 Cultural Grants

Cultural grants are available for arts and cultural projects, which benefit the district, or, at the discretion of the Council, the Otago region.

2.4 Events Grants

Council creates a positive and encouraging environment for events of all natures in the District and the Council may, at its discretion, provide grants to fund one off special events.

2.5 Heritage Grants

Council values and works toward the preservation of its heritage. The Council, at its discretion, may assist in funding, by way of a grant, to organisations preserving the historic and other heritage interests of the district or Otago region.

2.6 Discretionary Grants

Council may, at its discretion, provide grants up to \$1,000, which do not fall into any of the above categories but meet the criteria in section 3 of this Policy. An amount for discretionary grants will be identified in Council's Annual Plan.

The CEO may approve discretionary grants up to the value of \$200 from the General Grants budget without a specific resolution of Council.

2.7. Special Grants

2.7.1 Creative Communities Grant

A grant received by Council from Creative Communities NZ to encourage promotion of arts with the district. A portion of this grant, formula based, is distributed to the Community Arts Councils within the district. Organisations may apply to the Council Assessment Council for the remainder.

2.7.2 S.P.A.R.C Grants

A grant is received by the Council from S--P--A--R--C--. This grant is to be used to assist the youth of the district with the cost of travel to sporting events.

2.8. Rates Remissions

Refer to Council's Rate Remission Policy.

2.9. Loan Guarantees

Refer to Council's Investment Policy.

2.10 Economic Development Grants

Refer to Council's Rates Remission Policy.

3. CRITERIA

- There must be an identifiable project, except for discretionary grants
- Organisations must demonstrate the ability to responsibly plan and administer the project
- The organisation must be a non-profit organisation, except in relation to economic development grants and heritage grants.

- Except for SPARC, grants can not be for individuals.
- Except for economic development grants, a grant must not be for economic gain.
- The project must be of economic, environmental, social or cultural good to the community or district, consistent with community priorities established in the current LTCCP
- Grants must support Council's objectives of achieving equity and fairness throughout the district
- If over \$5,000, grant applications must include budgets for the project
- If over \$5,000, and from an existing organisation, grant applications must include the latest set of Financial Statements (audited if applicable)
- Grant applications must be accompanied by Council's Application Form

4. APPLICATION

The relevant application form must be completed and sent to the Council. Applications must state:

- Description of the project
- Benefit to the Community or District
- Total cost of the project
- Reason for the project
- Outcomes of the project
- Contribution, if any, by applicant or other organisations

Applications over the amount of \$5,000 must have accompanying:

- **Financial statements and / or project budget**

5. PAYMENT OF GRANTS

All applicants will be notified in writing of the outcome of their application for funding.

5.1 Grants are payable upon receipt of the necessary documentation from the applicant:

- a GST invoice, where applicable, for the grant
- proof of expenditure, such as invoices
- a deposit slip with account number and organisation's name
- a copy of the application
- documentation to prove that the purpose for which the grant was given has been fulfilled.

In special circumstances, a grant may be paid out in advance of the expenditure being incurred.

6. ACCOUNTABILITY

6.1. Expenditure returns are required from an organisation receiving funding, either:

- as soon as the funds are spent, or
- within one (1) calendar year of receipt of funds, whether spent or not

6.2. Any unspent funds must be returned within one year of receipt unless there is prior agreement to carry over such funds.

6.3 Any discrepancies in funding (e.g. funds spent on other than the intended project) may result in an audit of the organisation's accounts.

6.4 Organisations receiving a grant over \$5,000 must provide Financial Statements disclosing the grant and the purpose to which the grant was put.

7. COMMENCEMENT OF POLICY

This policy is in effect from 1 July 2004, and supersedes any previous grant policies.

J. GOVERNANCE STATEMENT

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1. What is a Governance Statement?

Central Otago District Council's Governance Statement is a collection of information about the processes that Council uses to connect with the district's residents.

It outlines how Council makes decisions and shows how residents can influence those processes.

Council's governance statement is a requirement of Section 40 of the Local Government Act 2002 (LGA2002). Council is obliged to produce a new governance statement six months after each triennial election.

2. Council's Functions, Responsibility and Activities

The purpose of the Central Otago District Council (Council), as outlined in the LGA2002, is to enable democratic local decision making to promote the social, economic, environmental and cultural wellbeing of Central Otago and its residents in the present and for the future.

In meeting its purpose Council has a variety of roles these include:

- providing leadership for the district
- providing sustainable management of the local infrastructure, including network infrastructure (e.g. roads, sewage disposal, water, storm water) and community infrastructure (libraries and community facilities)
- planning for the future needs of the district – this includes protecting and strengthening our Regional Identity
- supporting local communities to achieve their community's aspiration
- environmental management

The key activities that Council is involved in fall into 5 main areas:

- Community Services
- District Development
- Utility Services
- Environmental Services
- Governance and Administration

3. Local legislation

In addition to the legislation that applies to all local authorities, Council is also bound by local legislation, in particular a number of bylaws. These are:

Bylaws

- Public Places
- Trading in Public Places
- Fires in the Open Air
- Keeping of Animals – Poultry and Bees
- Cemeteries and Crematoria
- Cultural and Recreational Facilities
- Lake Dunstan Harbour
- Dog Control
- Liquor (Control of Liquor in Public Places)
- Tradewaste
- Speed Limits

Council intends to review its bylaws by 2008.

4. Electoral Systems

First Past the Post and Single Transferable Vote

Council currently operates its elections under the First Past the Post (FPP) electoral system. Electors vote for their preferred candidate(s) and those with the most votes win.

The other option permitted under the Local Electoral Act 2001 is the Single Transferable Vote system (STV). Electors rank candidates in order of preference. Successful candidates must receive a quota of the votes. The quota (share of votes) that is needed for a candidate to be elected depends on the number of seats and the number of votes cast. In the first round of counting the candidates with the highest and lowest number of votes are identified. The lowest-polling candidates are then excluded. When the top polling candidates have received their quota, the second votes are redistributed. This process is repeated until there are enough candidates with a quota to fill all available seats.

Deciding on which electoral system to use

Under the Local Electoral Act 2001:

- Council can resolve to change the electoral system to be used at the next two elections;
- Council can conduct a binding poll on which electoral system to use;
- Electors can demand that a binding poll be held, in which case 5 percent of electors need to sign a petition demanding that a poll be held.

Once changed, an electoral system must be used for at least the next two triennial Council elections.

The voting system for Council's Triennial Elections

Council resolved, in August 2005, to retain the FPP system. That decision was in relation to the 2007 Triennial Elections for Councillors and Community Board Members. If the system is to change for the 2010 elections, Council must make the decision by 12 September 2008 or conduct a poll. Electors could demand a poll after this date.

5. Representation Arrangements

Council has 13 elected members from six wards and the Mayor.

Wards

Alexandra Ward (population 4,404): 3 Councillors
Cromwell Ward (population 3,567): 3 Councillors
Earnscliffe Ward (population 2,361): 2 Councillors
Maniototo Ward (population 1,623): 2 Councillors
Manuherikia Ward (population 810): 1 Councillor
Roxburgh Ward (population 1,701): 2 Councillors
(Population figures as per 2001 census)

Community Board

The Central Otago District Council has five community boards. The composition of each is as follows:

Community Board	Wards of Community	Elected	Appointed
Alexandra	Alexandra	4	3
Earnscliffe / Manuherikia	Earnscliffe	2	2
	Manuherikia	3	1
Cromwell	Cromwell	4	3
Maniototo	Maniototo	4	2
Roxburgh	Roxburgh	4	2

Changing Representation Arrangements

Council is required to review its representation arrangements at least every six years. The next review will be undertaken in 2006. This involves a boundary review as well as a review of the representation arrangements for the 2007 triennial elections. Council must follow the procedure set out in the Local Electoral Act 2001 when conducting this review and should also follow the guidelines published by the Local Government Commission. The Act gives the public the right to make a written submission to the Council and the right to be heard if wished.

There is also the right to appeal any decisions on the above to the Local Government Commission, which will make a binding decision on the appeal. Further details on the matters that the Council must consider in reviewing its membership and the basis of election can be found in the Local Electoral Act 2001.

6. Members' Role and Conduct

The Mayor and Councillors of the Council have the following roles:

- Developing and approving Council policy;
- Determining the expenditure and the funding requirements of the Council through the Long Term Council Community Plan;
- Monitoring the performance of the Council against its stated objectives and policies;
- Employing, overseeing and monitoring the Chief Executive Officer;
- Prudent stewardship of Council resources;
- Having regard to the views of all the communities in the Central Otago District.

The Mayor is elected by the district at large and as one of the elected members shares the same responsibilities as other members of Council. In addition, the Mayor has the following roles:

- The presiding member at meetings of the Council, and as such is responsible under Standing Orders (a set of procedures for conducting its meetings) for the orderly conduct of Council business at meetings;
- Community leader;
- Acting as community advocate to promote the attributes of the community and representing its interests. Such advocacy will be more effective where it is carried out with the knowledge and support of the Council;
- Justice of the Peace while holding office as Mayor.

The Deputy Mayor exercises the same responsibilities as other Councillors. In addition, the Deputy Mayor is authorised to chair meetings of the Council in the Mayor's absence, and generally to perform the functions and duties of the Mayor.

Role of Community Boards

Community Boards role is set out under Section 52 of the Local Government Act 2002 and is to:

- Represent, and act as an advocate for, the interests of its community.
- Consider and report on all matters referred to it by the Council, or any matter of interest or concern to the Community Board.
- Maintain an overview of services provided by the Council within the community.

- Prepare an annual submission to the Council for expenditure within the community.
- Communicate with the community, local organisations and special interest groups within the community.
- Undertake any other responsibilities that are delegated to it by the territorial authority.

Responsibilities Delegated to Community Boards

The Council has made the following delegations to its Community Boards:

- In relation to bridging, financially assisted and unassisted roading programmes, the authority to make recommendations to the Council on priorities for works within the Community Board Ward(s).
- In relation to non-financially assisted roading works, the power to determine appropriate works programmes, provided that the works are funded from the Community Board's own resources.
- The general provision (including maintenance and upgrading as required) of wastewater drainage and disposal, stormwater drainage, water supplies, footpaths, car parking, public recreational facilities, cemeteries, community centres and public halls.
- The provision and maintenance of such other works, facilities, and amenities in the Community Board Ward(s) as the Board sees fit.
- Monitor and take such action as necessary to ensure the adequacy of traffic activity (including temporary road closures, naming of streets and so on).
- Provide input to the Council's Revenue and Financing Policy, Annual Plan and Long Term Council Community Plan.
- Monitor the Community Board's budget and make such alterations as are necessary during the course of the fiscal year.
- Make grants and donations.
- Negotiate the acquisition and disposal of Council property within the Community Board's jurisdiction, subject to any property transactions being formally approved by the Council.
- Approval of fees and charges relating to ward services.

Conduct of elected members

Elected members have specific obligations as to their conduct, as set out in the following legislation:

- Schedule 7 of the Local Government Act 2002, which includes obligations for Council to act as a good employer in respect of the Chief Executive Officer and to abide by the current Code of Conduct and Standing Orders.
- The Local Authorities (Members' Interest) Act 1968, which regulates the conduct of elected members in situations where there is, or could be, a conflict of interest between their duties as an elected member and their financial interests (either direct or indirect).

- The Secrets Commissions Act 1910, which prohibits elected members from accepting gifts or rewards which could be seen to sway them to perform their duties in a particular way.
- The Crimes Act 1961 regarding the acceptance of gifts for acting in a certain way, and use of official information for private profit.

Code of Conduct

All elected members are required to adhere to a Code of Conduct. Adopting such a code is a requirement of the Local Government Act 2002. The Code of Conduct sets out Council's understanding and expectations of how the Mayor and Councillors will relate to one another, to staff, to the media and to the general public in the course of their duties and relates to Community Boards as well. Copies of the Code of Conduct can be obtained from Council's Alexandra Office and Service Centres.

7. Governance and Delegations

Appendix A outlines the governance structure.

Council's responsibilities are set out under Schedule 7, clause 32(1) of the LGA and are included in Council's Delegation Register as follows:

The power to:

- make a rate;
- make a bylaw;
- borrow money, or purchase or dispose of assets, other than in accordance with the Long Term Council Community Plan (LTCCP);
- adopt a LTCCP, Annual Plan or Annual Report;
- appoint a Chief Executive Officer;
- adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the LTCCP or developed for the purposes of the Local Governance Statement.

Additionally:

- Recommendations made to Council by the Ombudsman under section 32 of the Local Government Official Information and Meetings Act 1987 may not be delegated.
- Under section 12 of the Fencing of Swimming Pools Act 1987, the Council's powers and functions may only be delegated to a Committee comprising only members of the Council.

Council also reserves the following powers and functions to itself:

- appointment of Standing Committees;
- appointment of the Deputy Mayor;
- dismissal of the Chief Executive Officer;

- any proposal to promote legislation;
- overall budgetary control of the total operations of Council;
- stopping of roads (section 319(h) of the Local Government Act 1974);
- acquisition or holding of shares or interests in a body corporate, partnership, joint venture or other association of persons;
- the co-ordination of advice from Committees and Community Boards in respect of the Annual Plan and LTCCP process, and the determination of the funding and priorities derived from that for rates setting and other funding purposes;
- the right to appeal decisions of external bodies;
- proposals for the remuneration of elected members;
- proposals for a change to the political structure of Council including the nature and authority of Committees, delegations to officers, the size of Council, the nature of wards and communities, and representation for wards and communities.

Further details on the Council's delegations to a Committee, Subcommittee, Community Board or officer including their terms of reference, membership and meeting arrangements can be obtained from the Council's Alexandra Office and Service Centres or from the website www.codc.govt.nz

8. Meeting Processes

The legal requirements for Council meetings are set down in the Local Government Act 2002 and the Local Government Official Information and Meetings Act 1987 (LGOIMA).

All Council and Committee meetings must be open to the public unless there is reason to consider some item 'in committee' (i.e., these items are deemed to be confidential and members of the public will be asked to leave the room until discussion on the item has been completed). Although meetings are open to the public, members of the public do not have speaking rights unless prior arrangements are made with Council. LGOIMA contains a list of the circumstances where Councils may consider items with the public excluded. (These circumstances generally relate to protection of personal privacy, professionally privileged or commercially sensitive information, and the maintenance of public health, safety and order).

The Council agenda is a public document, although parts may be withheld if the above circumstances apply.

The Mayor or Committee chairperson is responsible for maintaining order at meetings and may, at his or her discretion, order the removal of any member of public for disorderly conduct, or remove any member of Council who does not comply with Standing Orders.

Minutes of meetings must be kept and made publicly available, subject to the provisions of LGOIMA.

For meetings of Council, at least 14 days notice of the time and place of the meeting must be given except for extraordinary meetings, when at least three working days notice, or at least 24 hours notice, if the meeting is called by resolution, must be given.

During meetings of the Council, Committees and Community Boards, all Council participants must follow Standing Orders unless Standing Orders are suspended by a vote of 75 per cent (or more) of the members present. Copies of the Code of Conduct can be obtained from Council's Alexandra Office or Service Centres.

9. Consultation Policy

Central Otago District Council is committed to effective community consultation.

It welcomes input from the people of this district so that it can adequately reflect their views in decision-making.

Consultation does not take anything away from the decision-making roles of elected representatives. Rather, it enhances this democratic process by contributing to the decision making function of Council.

Community Consultation Process

Council is committed to on-going and effective community consultation. Council is also committed to determining the overall community views as accurately as possible and will use appropriate techniques to meet this objective; the community consultation process in Appendix B sets out further information.

Consultation Principles

Council uses the following principles to consult with the community. Some of the principles also refer to sections in the Local Government Act 2002.

- **The long term perspective**
The interests of future generations are considered.
Section 14 (1) (c) (ii)
- **An integrated approach**
The people interested/involved in the issues are identified. The interconnectedness of economic, social, cultural and environmental conditions is recognised.
- **Clear and relevant information provided**
The scope and purpose of the consultation is clear from the outset.
Section 82(1) (a) and (c)

- **Timing**
Sufficient time will be allowed for participants to contribute and genuinely influence the outcomes.
- **Responsiveness**
The Council is committed to considering and responding to participants' contributions in decision-making.
- **Approach to Consultation**
Consultation will be transparent, fair, accessible and a flexible process. It will be designed to be appropriate to the complexity or impact of the issue and to the constraints on the decision-making process.
Section 82 (1) (e)
- **Inclusive**
Consultation is set up and run in a way which encourages the participation of people affected by a decision. A range of techniques will be used to encourage and gather a wide and representative view of the community.
Section 82 (1) (b) and 82 (1) (d)
- **Feedback to participants**
Feedback will be provided on how the information has influenced the issue/decisions, giving reasons for the choices made.
Section 82 (1) (f)
- **Evaluation**
All consultations will be evaluated after the decision-making is complete in terms of the process and participation.

Special Consultative Procedure

The LGA 2002 has specific procedures that Council must follow when:

Adopting or amending a Long Term Council Community Plan (LTCCP)

Adopting an annual plan

Adopting, reviewing or amending a by-law

Amending or adopting any policy on significance

Changing the mode of delivery of a significant activity

This special consultative procedure is regarded as a minimum process and consists of the following steps:

Step One: Preparation of a statement of proposal and a summary

Council must prepare a description of the proposed decision or course of action. The statement must be available for distribution throughout the community and must be available for inspection at the Council office and may be available elsewhere. Council also has to prepare a full and fair summary of

the proposal, which must be distributed as widely as it considers to be reasonable and practicable. This statement must be included on the agenda for a Council meeting.

Step Two: Public Notice

Council must give public notice of the proposal and of the consultation being undertaken.

Step Three: Receive Submissions

Council must acknowledge all written submissions and offer submitters a reasonable opportunity to make an oral submission. Council must allow at least one month (from the date of notice) for people to make written submissions.

Step Four: Deliberate in Public

All meetings where Council deliberates on the proposal or hears submissions must be open to the public (unless there is a reason to exclude the public under the LGOIMA). All submissions must be made available unless there is reason to withhold them under LGOIMA.

Step Five: Follow up

A copy of the decision and a summary of the reasons must be provided to submitters. There is no prescribed format for such a summary.

The Council may be required to use the Special Consultative Procedure under other legislation and it may use this procedure in other circumstances if it wishes to do so.

10. Consultation with Maori

Council recognises its obligations under the LGA (Part 6 Section 81) to establish and maintain processes to provide opportunities for Maori to contribute to its decision-making processes and make information available to them.

Council is currently considering ways in which to foster the development of Maori capacity to contribute to decision making processes and is seeking to consult with and involve Maori in the process.

For consultation under the Resource Management Act, Council has entered into a protocol with Kai Tahu Ki Otago since 1997. The Council consults with Kai Tahu Ki Otago on decision-making, most notably if the decision is significant and relates to land or a body of water.

11. Management Structures and Relationships

Chief Executive

The LGA requires the Council to employ a Chief Executive Officer whose responsibilities are to employ other staff on behalf of Council, implement Council decisions and provide advice to the Council. Under the Act, the Chief Executive Officer is the only person who may lawfully give instructions to a staff member. Any complaint about individual staff members should, therefore, be directed to the Chief Executive Officer, rather than the Mayor or Councillors.

The contact details of the Chief Executive Officer:

John Cooney
Chief Executive Officer
Central Otago District Council
PO Box 122
ALEXANDRA

email: john.cooney@codc.govt.nz
phone: 03 448 6979
fax: 03 448 9196

Council Management is organised into four areas:

These are:

Corporate Services – finance, rates, information technology, administration, libraries, minute secretary support to Council and Community Boards.

Contact: Heather Kinsey
Corporate Services Manager
email: heather.kinsey@codc.govt.nz

Planning and Environment – the district plan, planning, consents processing, environmental health, building inspections

Contact: Louise van der Voort
Manager, Planning and Environment
email: louise.vandervoort@codc.govt.nz

Assets and Contracts –, roads, water, stormwater, sewage, road safety, property, emergency management, waste minimisation

Contact: Murray Washington
Manager, Assets and Contracts
email: murray.washington@codc.govt.nz

District Development – parks recreation, marketing, community planning, tourism promotion, community facilities, swimming pools, regional identity and communications, economic development, visitor information centres

Contact: Anne Pullar
District Development Manager
email: anne.pullar@codc.govt.nz

Please refer to the Organisational Structure Chart in Appendix C for more details.

12. Equal Employment Opportunities

The LGA (Section 36, Schedule 7) requires Council to act as a 'good employer'. Council is committed to equal opportunity in employment. It believes that all employment related decisions should be made on merit. People will not be disadvantaged because of race, nationality, colour, sex, marital status, age, sexual preference, religious, political or ethical beliefs, employment status, family status, disability.

Council will provide all employees with good safe working conditions, make staff selections on the basis of merit after taking into account all relevant qualifications, work history and other experience relating to the position to be filled, provide opportunity for enhancement of the abilities of individual employees, recognise the employment requirements of persons with disabilities and recognise the aims and aspirations of the cultural differences of ethnic and minority groups.

13. Key Approved Planning and Policy Documents

The following have been identified as key Council planning and policy documents. To view or find out more about these plans and policies, please contact the Council's Alexandra Office or Service Centres or visit Council's website www.codc.govt.nz

Central Otago District Plan

The District Plan assists Council with its responsibilities to promote the sustainable management of natural and physical resources of the district. This Plan is prepared in accordance with the requirements of the Resource Management Act 1991.

Long Term Council Community Plans

Under the LGA, the Council is required to develop a Long Term Council Community Plan (LTCCP) in consultation with the community. This document will cover 10 years from the date of its publication and will be reviewed and updated every three years. Council's current LTCCP relates to 2006/16.

LTCCP's are required by law to consider the social, environmental, economic and cultural wellbeing of current and future communities. Each LTCCP contains the Annual Plan for the first year of the LTCCP. In each of the following two years, Council will produce a separate Annual Plan. Any variances from the financial statements and funding impact statements in the LTCCP are explained. Each Annual Plan will describe the work programme to deliver that year's "slice" of the LTCCP. This Plan is also subject to the Special Consultative Procedure as described in Section 9.0 of this document.

Funding and Financial Policies

Council's funding and financial policies set out the guidelines of how the Council plans for and acquires funds to finance its operation and the projects and programmes.

The Funding and Financial Policies include the:

- Revenue and Financing Policy
- Rating Policy
- Significance Policy
- Liability Management Policy
- Investment Policy
- Development and Financial Contributions Policy
- Policy on the Commitment of Council Resources to Partnerships with the Private Sector
- Policy on Appointment and Remuneration of Directors to Council Controlled Organisations and Council Organisations.

Central Otago Brand Identity Guidelines

This document contains the vision, values and the brand expression that captures the region - Central Otago A World of Difference. It also outlines the photography styles, colour palette, typography and logo specifications and graphic devices that can be used in association with pure brand usage or endorsed brand identity usage.

Activity Management Plans

Council's Activity Management Plans for roading, water, waste water, stormwater, property, solid waste and parks and reserves were completed in early 2006; the latter three are all new plans for Council.

These Plans act as a base for Council's strategic financial planning and focus on asset management, levels of service and condition as well as performance assessment. Each of these plans also identifies risk and assumptions and incorporates an improvement plan - this lists the actions required to improve the asset management practices of Council.

Solid Waste Management Plan

This Plan provides a blue print for reducing solid waste to landfill to zero by 2015 and also incorporates the Zero Waste strategy. The plan was adopted in March 2000 in compliance with the LGA 1974. During 2006, a complementary Solid Waste Activity Management Plan will be completed, and a new Waste Minimisation Strategy is also proposed, following public consultation.

Community Outcomes from Consultation

In 2003 the Council facilitated a consultation process designed to find out what the community wanted Central Otago to be like as a place to live, work and play in the next 10 years and to support the development of its 10 year strategic plan. This process was called Central Prospects. The community's key issues and priorities were collated and analysed. A copy of the Community Outcomes is available at Council's Alexandra Office or Service Centres or visit Council's website www.codc.govt.nz

Blueprint Studies

Council commissioned Blueprint Studies of Alexandra/Clyde Basin, Alexandra Town Centre and the Cromwell Basin to enable a "fresh look at the big picture". The study resulted in a number of strategic directions for the futures of the basins. The outcomes of these studies and their recommendations were confirmed by Council. Some of these outcomes will result in changes to the Central Otago District Plan.

Rural Studies

Central Otago District is experiencing a strong period of growth. Owing to the subsequent subdivision of rural land, the need has arisen to determine the effects on the landscape values and rural amenity through a comprehensive rural study. The outcome of this study will be a proposed range of methods for subdivision and buildings within the district, so that development may continue while still protecting the values that make Central Otago distinctive. These outcomes may result in changes to the District Plan.

14. Public Access to the Council

Administration headquarters

1 Dunorling Street
ALEXANDRA
P O Box 122

Phone: (03) 448 6979
Facsimile: (03) 448 9196
Email: codcalex@codc.govt.nz

Service Centres:

42 The Mall, Cromwell
120 Scotland Street, Roxburgh
15 Pery Street, Ranfurly

Phone: (03) 445 0211
Phone: (03) 446 8105
Phone: (03) 444 9170

Mayor	Deputy Mayor
Dr Malcolm Macpherson PO Box 270 ALEXANDRA Phone: 03 448 9524 Mobile: 0275899039 Email: mayor@codc.govt.nz	Mr Tony Lepper Fraser Road RD 1 ALEXANDRA Phone: 03 449 2413 Mobile: 027 220 6831 Email: tony.lepper@codc.govt.nz

Councillors	
Terry Emmitt PO Box 3 CROMWELL Phone/Fax: 03 445 0720 Mobile: 027 484 9424 Email: terry.emmitt@codc.govt.nz	Gordon Stewart Bannockburn RD 2 CROMWELL Phone: 03 445 0308 (home) 03 445 1748 (work) Fax: 03 445 0173 (work) Mobile: 021 212 9697 Email: gordon.stewart@codc.govt.nz
John Lane PO Box 7 ROXBURGH Phone: 03 446 8884 Email: john.lane@codc.govt.nz	Lynley Claridge PO Box 267 ALEXANDRA Phone: 03 448 6942 03 448 7232 (work) Fax: 03 448 6329 (work) Email: lynley.claridge@codc.govt.nz

Councillors

Graeme Smith

63 Newcastle Street
CLYDE

Phone/Fax: 03 449 2787

Email:
graeme.smith@codc.govt.nz

Martin McPherson

25 Old Bridge Road
ALEXANDRA

Phone: 03 448 9114 (home)
03 445 4462(work)

Fax: 03 445 4463

Mobile: 027 285 5477

Email:
martin.mcpherson@codc.govt.nz

Graham Dillon

1633 Teviot Road
MILLERS FLAT

Phone/Fax: 03 446 6773

Mobile: 027 535 1122

Email:
graham.dillon@codc.govt.nz

Graeme Bell

42 Bringans Street
ALEXANDRA

Phone: 03 448 7740 (home)

Email:
graeme.bell@codc.govt.nz

Edna McAtamney

Kyeburn RD 3
RANFURLY

Phone: 03 444 9196 (home)

Phone: 03 444 9010 (shop)

Mobile: 027 221 1692

Email:
edna.mcatamney@codc.govt.nz

Neil Gillespie

20 Kerry Court
CROMWELL

Phone: 03 445 0669 (home)

Fax: 03 445 0670 (home)

Mobile: 027 433 4856

Email: neil.gillespie@codc.govt.nz

Mike Dowling

Dowling Road
RANFURLY

Phone/Fax: 03 444 9064

Mobile: 027 494 1900

Email:
michael.dowling@codc.govt.nz

Colin Stevenson

8 Alton Street
OMAKAU

Phone: 03 447 3560 (home)

03 440 2190 (work)

Fax: 03 440 2191

Email:
colin.stevenson@codc.govt.nz

15. Requests for Official Information

Under the Local Government Official Information and Meetings Act 1987 (LGOIMA) any person may request information from the Council. Any request for information is a request made under LGOIMA. It is not necessary to say the request is being made under LGOIMA.

Once a request is made the Council must supply the information unless reason exists for withholding it. LGOIMA says that information may be withheld if release of the information would:

- Endanger the safety of any person;
- Prejudice maintenance of the law;
- Compromise the privacy of any person;
- Reveal confidential or commercially sensitive information;
- Cause offence to tikanga Maori or would disclose the location of waahi tapu;
- Prejudice public health or safety;
- Compromise legal professional privilege;
- Disadvantage the local authority while carrying out negotiations or commercial activities;
- Allow information to be used for improper gain or advantage.

The Council must answer requests within 20 working days (although there are certain circumstances where this time-frame may be extended). The Council may charge for official information, under Ministry of Justice guidelines.

In the first instance you should address requests to:

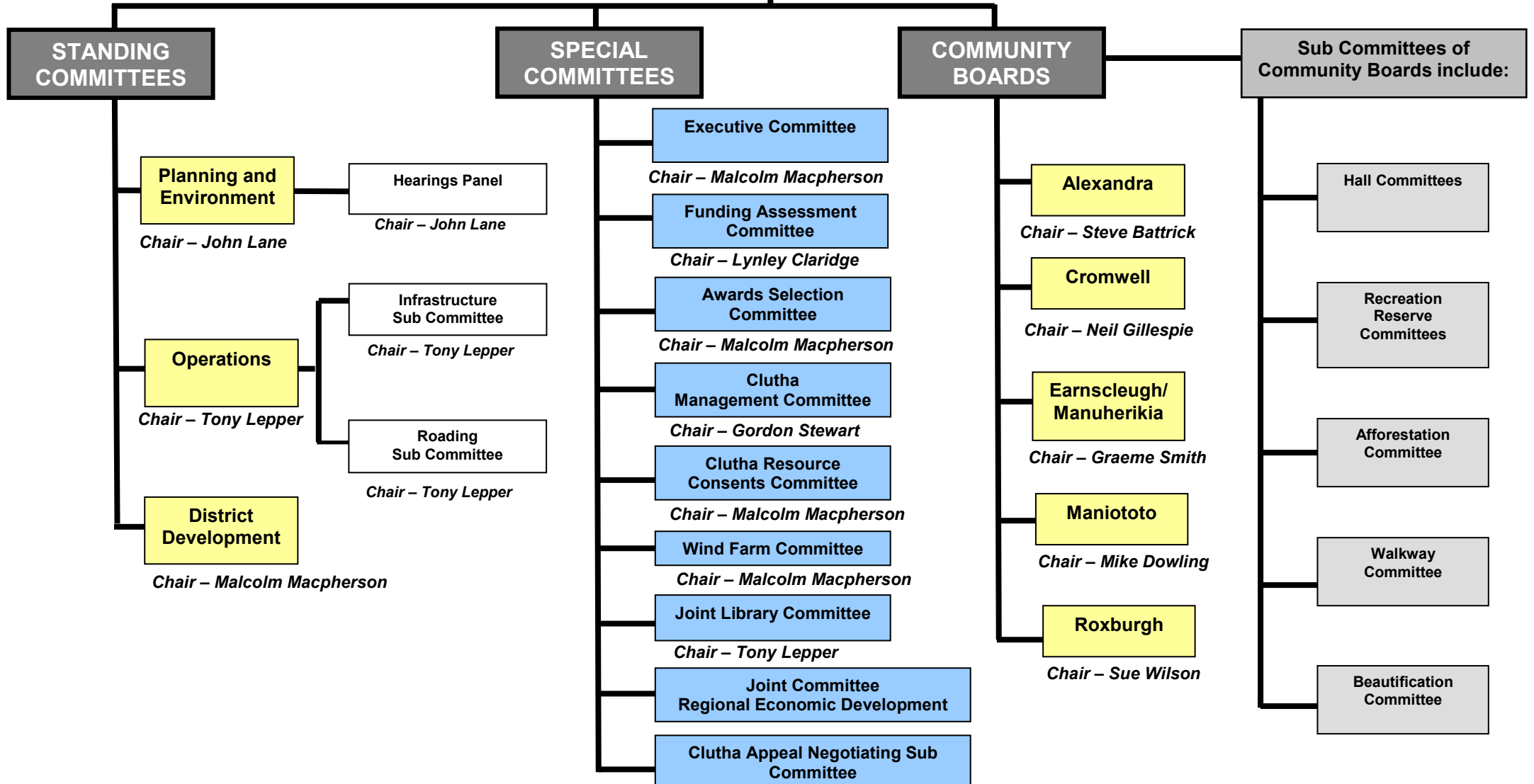
Chief Executive Officer	or	Corporate Services Manager
PO Box 122		PO Box 122
Alexandra		Alexandra

CENTRAL OTAGO DISTRICT COUNCIL

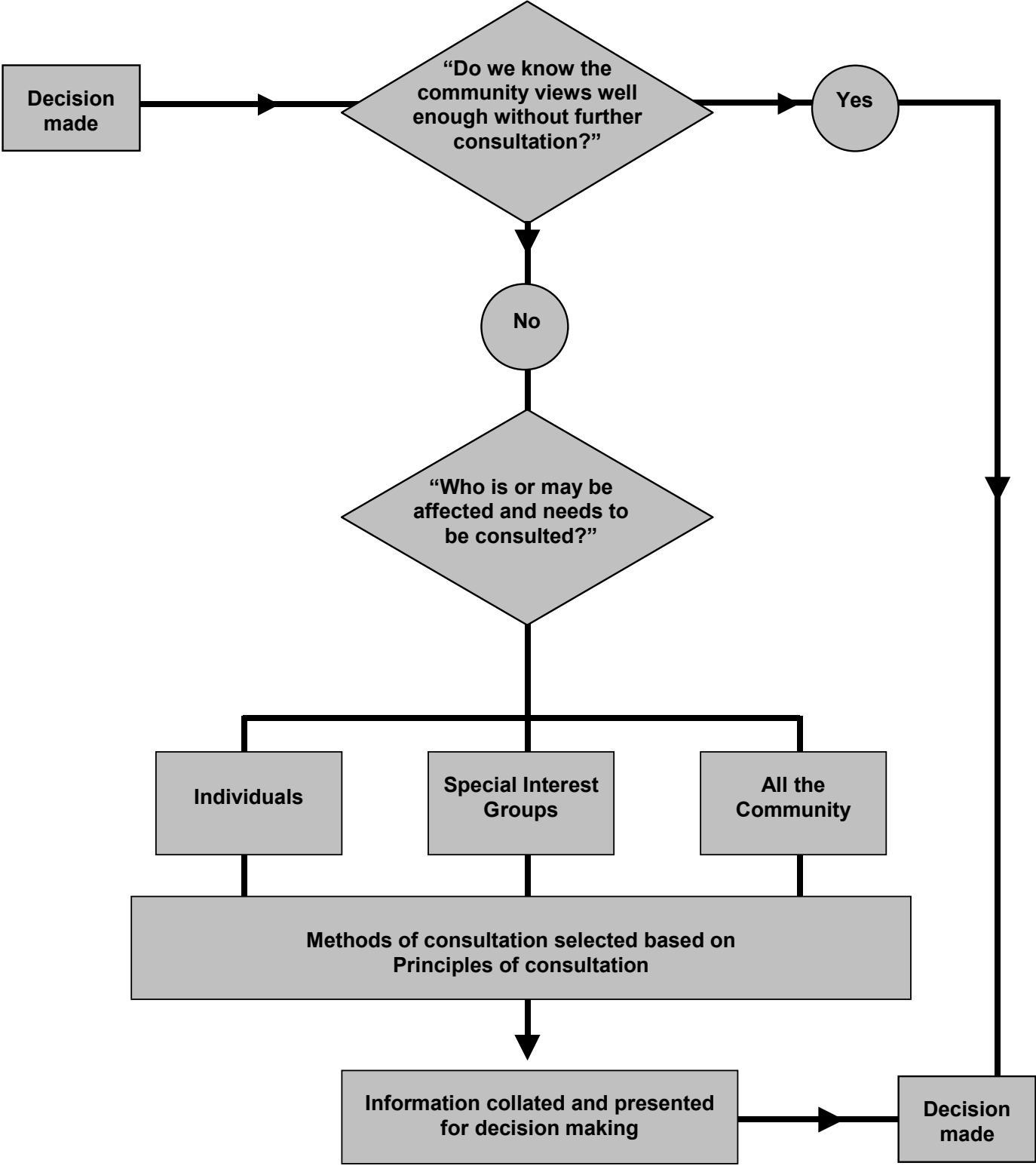
Mayor: Malcolm Macpherson

APPENDIX A:
Governance Structure

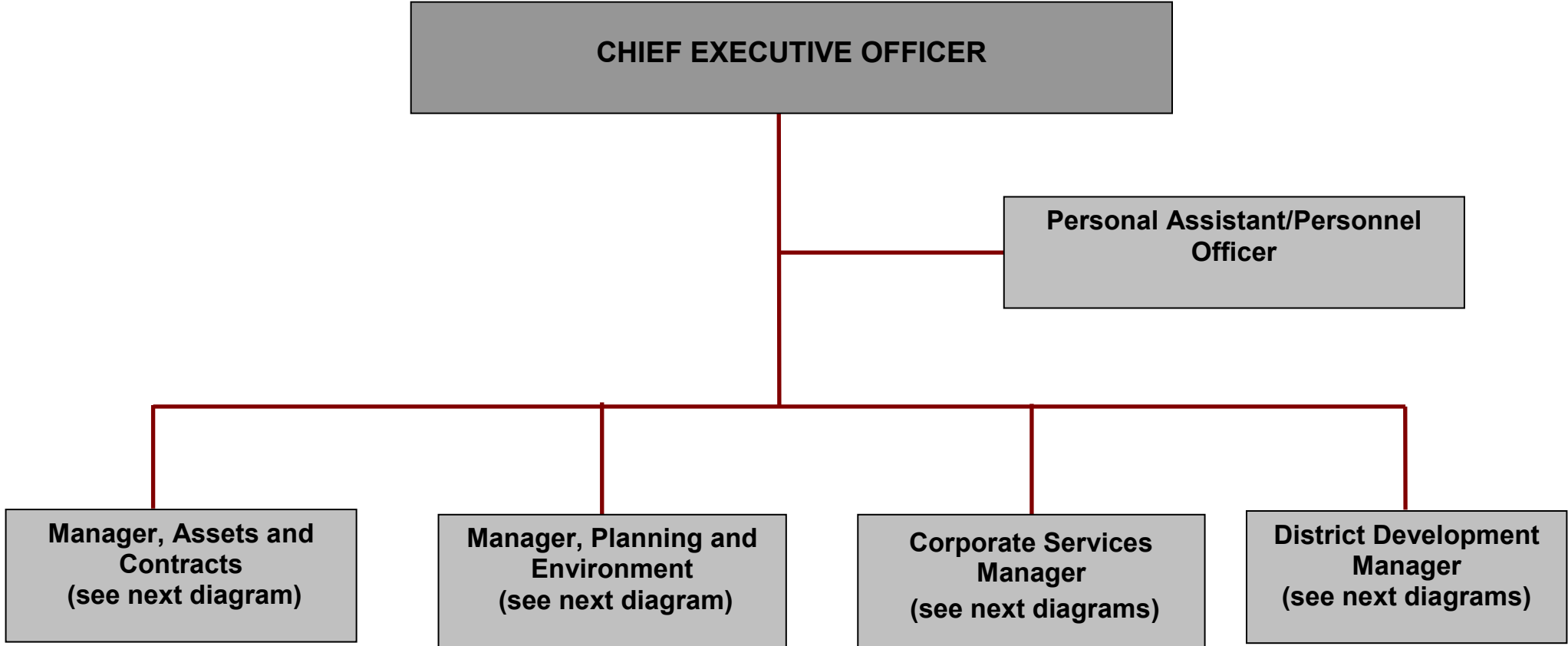
COUNCIL



Community Consultation Process



**APPENDIX C:
Organisational Structure**



CORPORATE SERVICES MANAGER

**Shared Library Services Manager
(joint with QLDC)**

Librarians
Alexandra/Clyde
Cromwell
Maniototo
Roxburgh

Library Staff

